



2024 Annual Report

This Annual Report presents information for Sirius XM Holdings Inc. (“Holdings”), a Delaware corporation. The terms “Holdings,” “we,” “us,” “our,” and “our company” as used herein and unless otherwise stated or indicated by context, refer to Sirius XM Holdings Inc. and its subsidiaries. “Sirius XM” refers to our wholly owned subsidiary Sirius XM Radio LLC and its subsidiaries other than Pandora. “Pandora” refers to Sirius XM’s wholly owned subsidiary Pandora Media, LLC and its subsidiaries.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results and the timing of events could differ materially from those projected in forward-looking statements due to a number of factors, in this Annual Report.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All amounts referenced in this section are in the millions, except subscriber amounts are in thousands and per subscriber and per installation amounts are in ones, unless otherwise stated.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Annual Report.

EXECUTIVE SUMMARY

Liberty Media Transactions

Sirius XM Holdings Inc., the reporting company under this Annual Report, is the product of a series of transactions that closed on Monday, September 9, 2024.

On September 9, 2024 at 4:05 p.m., New York City time, Liberty Media Corporation (“Liberty Media” or “Former Parent”) completed its previously announced split-off (the “Split-Off”) of its former wholly owned subsidiary, Liberty Sirius XM Holdings Inc. (“SplitCo”). The Split-Off was accomplished by Liberty Media redeeming each outstanding share of Liberty Media’s Series A, Series B and Series C Liberty SiriusXM common stock, par value \$0.01 per share, in exchange for 0.8375 of a share of SplitCo common stock, par value \$0.001 per share (the “Redemption”), with cash being paid to entitled record holders of Liberty SiriusXM common stock in lieu of any fractional shares of common stock of SplitCo.

Following the Split-Off, on September 9, 2024 at 6:00 p.m., New York City time (the “Merger Effective Time”), a wholly owned subsidiary of SplitCo merged with and into Sirius XM Holdings Inc. (“Old Sirius”), with Old Sirius surviving the merger as a wholly owned subsidiary of New Sirius (the “Merger” and together with the Split-Off, the “Transactions”). Upon consummation of the Merger, each share of common stock of Old Sirius, par value \$0.001 per share, issued and outstanding immediately prior to the Merger Effective Time (other than shares owned by New Sirius and its subsidiaries) was converted into one-tenth (0.1) of a share of SplitCo common stock, with cash being paid to entitled record holders of Old Sirius common stock in lieu of any fractional shares of common stock of SplitCo.

At the Merger Effective Time, Old Sirius was renamed “Sirius XM Inc.” and SplitCo was renamed “Sirius XM Holdings Inc.” In connection with the Transactions and by operation of Rule 12g-3(a) promulgated under the Exchange Act, SplitCo became the successor issuer to Old Sirius and succeeded to the attributes of Old Sirius as the registrant, including Old Sirius’s Commission File Number and CIK number.

The Transactions are intended to generally be tax-free to holders of Liberty SiriusXM common stock and Sirius XM Holdings common stock (except with respect to any cash received by such holders) and the completion of the Transactions was subject to various conditions, including the receipt of opinions of tax counsel.

Any references to the “Company,” “we,” “us,” or “ours” refers to Sirius XM Holdings Inc. and its consolidated subsidiaries following the Transactions.

We operate two complementary audio entertainment businesses—one of which it refers to as “SiriusXM” and the second of which it refers to as “Pandora and Off-platform”.

SiriusXM

Our SiriusXM business features a wide range of content, including, music, sports, entertainment, comedy, talk and news channels, podcasts and infotainment services, all available in the United States on a subscription fee

basis. SiriusXM's content bundles include live, curated and certain exclusive and on demand programming. The SiriusXM service is distributed through our two proprietary satellite radio systems and streamed via applications for mobile devices, home devices and other consumer electronic equipment. Satellite radios are primarily distributed through automakers, retailers and SiriusXM's website. Additionally, our user interface, "360L," integrates satellite and streaming services into a seamless in-vehicle entertainment experience.

The primary source of revenue from the SiriusXM business is subscription fees, with most of its customers subscribing to monthly or annual plans. Additional revenue streams include advertising on select non-music channels, direct sales of radios and accessories, and other ancillary services. As of December 31, 2024, the SiriusXM business had approximately 33.2 million subscribers.

In addition to the audio entertainment businesses, we provide connected vehicle services to several automakers. These services are designed to enhance the safety, security and driving experience of consumers. We also offers a suite of data services that includes graphical weather and fuel prices, a traffic information service, and real-time weather services in boats and airplanes.

Sirius XM holds a 70% equity interest and 33% voting interest in Sirius XM Canada Holdings Inc. ("Sirius XM Canada"). Sirius XM Canada's subscribers are not included in our subscriber count or subscriber-based operating metrics.

Pandora and Off-platform

Our Pandora and Off-platform business operates a music, comedy and podcast streaming platform, offering a personalized experience for each listener wherever and whenever they want to listen, whether through mobile devices, car speakers or connected devices. Pandora enables listeners to create personalized stations and playlists, discover new content, hear artist- and expert-curated playlists, podcasts as well as search and play songs and albums on-demand. Pandora is available as (1) an ad-supported radio service, (2) a radio subscription service (Pandora Plus) and (3) an on-demand subscription service (Pandora Premium). As of December 31, 2024, Pandora had approximately 43.3 million monthly active users and 5.8 million subscribers.

The majority of revenue from Pandora is generated from advertising on Pandora's ad-supported radio service. Pandora also derives subscription revenue from its Pandora Plus and Pandora Premium subscribers. Our Pandora and Off-platform business also sells advertising on other audio platforms and in widely distributed podcasts, which we consider to be off-platform services.

Sirius XM also sells advertising on other audio platforms and in widely distributed podcasts, which it considers to be off-platform services. Sirius XM has an arrangement with SoundCloud Holdings, LLC ("SoundCloud") to be its exclusive ad sales representative in the US and certain European countries and offer advertisers the ability to execute campaigns across the Pandora and SoundCloud platforms. It also has arrangements to serve as the ad sales representative for certain podcasts. In addition, through AdsWizz Inc., Sirius XM provides a comprehensive digital audio and programmatic advertising technology platform, which connects audio publishers and advertisers with a variety of ad insertion, campaign trafficking, yield optimization, programmatic buying, marketplace and podcast monetization solutions.

The information contained in this Annual Report represents a combination of the historical information of SplitCo (now renamed Sirius XM Holdings Inc.) prior to the Merger Effective Time and Old Sirius.

RESULTS OF OPERATIONS—DECEMBER 31, 2024 AND 2023

Set forth below are our results of operations for the year ended December 31, 2024 compared with the year ended December 31, 2023. Refer to Amendment No. 1 to our Registration Statement on Form S-4 filed with the SEC on March 20, 2024 for our results of operations for the year ended December 31, 2023 compared with the year ended December 31, 2022. The results of operations are presented for each of our reporting segments for revenue and cost of services and on a consolidated basis for all other items.

<i>(in millions)</i>	For the Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	Amount	%
Revenue				
Sirius XM:				
Subscriber revenue	\$ 6,076	\$6,342	\$ (266)	(4)%
Advertising revenue	167	169	(2)	(1)%
Equipment revenue	182	193	(11)	(6)%
Other revenue	128	136	(8)	(6)%
Total Sirius XM revenue	6,553	6,840	(287)	(4)%
Pandora and Off-platform:				
Subscriber revenue	540	524	16	3%
Advertising revenue	1,606	1,589	17	1%
Total Pandora and Off-platform revenue	2,146	2,113	33	2%
Total revenue	8,699	8,953	(254)	(3)%
Cost of services				
Sirius XM:				
Revenue share and royalties	1,565	1,603	(38)	(2)%
Programming and content	550	549	1	—%
Customer service and billing	369	393	(24)	(6)%
Transmission	190	171	19	11%
Cost of equipment	10	14	(4)	(29)%
Total Sirius XM cost of services	2,684	2,730	(46)	(2)%
Pandora and Off-platform:				
Revenue share and royalties	1,270	1,292	(22)	(2)%
Programming and content	61	69	(8)	(12)%
Customer service and billing	79	83	(4)	(5)%
Transmission	35	35	—	—%
Total Pandora and Off-platform cost of services	1,445	1,479	(34)	(2)%
Total cost of services	4,129	4,209	(80)	(2)%
Subscriber acquisition costs	369	359	10	3%
Sales and marketing	894	931	(37)	(4)%
Product and technology	296	322	(26)	(8)%
General and administrative	497	608	(111)	(18)%
Depreciation and amortization	578	624	(46)	(7)%
Impairment, restructuring and other costs	3,453	92	3,361	3653%
Total operating expenses	10,216	7,145	3,071	43%
(Loss) income from operations	(1,517)	1,808	(3,325)	(184)%
Other income (expense), net				
Interest expense	(496)	(534)	38	7%
Gain on extinguishment of debt	12	—	12	nm
Other income (expense), net	136	(64)	200	nm
Total other expense	(348)	(598)	250	42%
(Loss) income before income taxes	(1,865)	1,210	(3,075)	nm
Income tax expense	(210)	(222)	12	5%
Net (loss) income	\$ (2,075)	\$ 988	\$ (3,063)	nm

nm—not meaningful

Sirius XM Revenue

Sirius XM Subscriber Revenue includes fees charged for self-pay and paid promotional subscriptions, U.S. Music Royalty Fees and other ancillary fees.

For the years ended December 31, 2024 and 2023, subscriber revenue was \$6,076 and \$6,342, respectively, a decrease of 4%, or \$266. The decrease was primarily attributed to a reduction in self-pay revenue resulting from a decline in the average number of subscribers as well as lower Average Revenue Per User ("ARPU"). The lower ARPU was driven by an increase in subscribers on self-pay promotional and streaming-only subscription plans, alongside a reduction in automaker paid promotional trials which reduced paid promotional revenue.

We anticipate a decline in subscriber revenues driven by a reduction in the average number of subscribers and a decrease in the average price of our subscriptions.

Sirius XM Advertising Revenue includes the sale of advertising on Sirius XM's non-music channels.

For the years ended December 31, 2024 and 2023, advertising revenue was \$167 and \$169, respectively, a decrease of 1%, or \$2. This decline was primarily due to lower revenue from entertainment channels, which was partially offset by higher revenue earned on news channels.

We expect our Sirius XM advertising revenue to grow as we continue to promote our brand and leverage co-selling initiatives across our brands and platforms.

Sirius XM Equipment Revenue includes revenue and royalties from the sale of satellite radios, components and accessories.

For the years ended December 31, 2024 and 2023, equipment revenue was \$182 and \$193, respectively, a decrease of 6%, or \$11. The decrease was driven by a transition to higher cost next generation chipsets, partially offset by increased chipset production.

We expect equipment revenue to remain flat as higher costs associated with the transition to our next generation chipset are projected to offset the benefits of increased production.

Sirius XM Other Revenue includes service and advisory revenue from Sirius XM Canada, revenue from our connected vehicle services, and ancillary revenues.

For the years ended December 31, 2024 and 2023, other revenue was \$128 and \$136, respectively, a decrease of 6%, or \$8. The decrease was driven by lower royalty revenue from Sirius XM Canada.

We expect other revenue to remain relatively flat.

Pandora and Off-platform Revenue

Pandora and Off-platform Subscriber Revenue includes fees charged for Pandora Plus and Pandora Premium.

For the years ended December 31, 2024 and 2023, Pandora and Off-platform subscriber revenue was \$540 and \$524, respectively, an increase of 3%, or \$16. The growth was primarily driven by rate increases on Pandora subscription plans, partially offset by a decline in the subscriber base.

We expect Pandora and Off-platform subscriber revenues to decrease due to a decline in the subscriber base.

Pandora and Off-platform Advertising Revenue is generated primarily from audio, display and video advertising from on-platform and off-platform advertising.

For the years ended December 31, 2024 and 2023, Pandora and Off-platform advertising revenue was \$1,606 and \$1,589, respectively, an increase of 1%, or \$17. The growth was primarily driven by higher podcasting revenue and increased technology fees, partially offset by reduced streaming demand due to increased competition.

We expect Pandora and Off-platform advertising revenue to increase due to growth in off-platform monetization, including through podcasts, as well as higher technology fees.

Total Revenue

Total Revenue for the years ended December 31, 2024 and 2023 was \$8,699 and \$8,953, respectively, a decrease of 3%, or \$254.

Sirius XM Cost of Services

Sirius XM Cost of Services includes revenue share and royalties, programming and content, customer service and billing, and transmission expenses.

Sirius XM Revenue Share and Royalties include royalties for transmitting content, including streaming royalties, as well as revenue share agreements with automaker, content provider and advertisers.

For the years ended December 31, 2024 and 2023, revenue share and royalties were \$1,565 and \$1,603, respectively, a decrease of 2%, or \$38, but increased as a percentage of total Sirius XM revenue. The decrease was driven by lower subscription revenue, partially offset by higher web streaming royalty rates.

We expect our Sirius XM revenue share and royalty costs to remain flat as a percentage of revenue but to decrease overall. We project lower eligible subscription revenue, partially offset by higher royalty rates under the statutory webcasting license due to increases in the Consumer Price Index.

Sirius XM Programming and Content includes costs to acquire, create, promote and produce content. We have entered into agreements with third parties for music and non-music programming that require us to pay license fees and other amounts.

For the years ended December 31, 2024 and 2023, programming and content expenses were \$550 and \$549, respectively, an increase of less than 1%, or \$1, and increased as a percentage of total Sirius XM revenue. The rise in costs was driven by higher personnel-related costs, which were offset by lower production costs.

We expect our Sirius XM programming and content expenses to remain relatively flat.

Sirius XM Customer Service and Billing includes costs related to the operation and management of internal and third-party customer service centers, our subscriber management systems, billing and collection processes, bad debt expense, and transaction fees.

For the years ended December 31, 2024 and 2023, customer service and billing expenses were \$369 and \$393, respectively, a decrease of 6%, or \$24, and decreased as a percentage of total Sirius XM revenue. The reduction was primarily driven by lower call center costs, transaction and payment processing fees, bad debt expense, and personnel-related costs.

We expect our Sirius XM customer service and billing expenses to increase as a result of higher subscriber management system transition costs, partially offset by a reduction in call center and personnel-related costs.

Sirius XM Transmission consists of costs associated with the operation and maintenance of our terrestrial repeater networks; satellites; satellite telemetry, tracking and control systems; satellite uplink facilities; studios; and delivery of our Internet and 360L streaming and connected vehicle services.

For the years ended December 31, 2024 and 2023, transmission expenses were \$190 and \$171, respectively, an increase of 11%, or \$19, and increased as a percentage of total Sirius XM revenue. The increase was driven primarily by higher hosting costs associated with our streaming platform as well as increased consulting costs.

We expect our Sirius XM transmission expenses to decrease due to ongoing cost optimization efforts.

Sirius XM Cost of Equipment includes costs from the sale of satellite radios, components and accessories and provisions for inventory allowance attributable to products purchased for resale in our direct to consumer distribution channels.

For the years ended December 31, 2024 and 2023, cost of equipment was \$10 and \$14, respectively, a decrease of 29%, or \$4, and decreased as a percentage of total Sirius XM revenue. The decline was driven by fewer sales of satellite radios and related components as well as lower shipping costs.

We expect our Sirius XM cost of equipment to remain relatively flat.

Pandora and Off-platform Cost of Services

Pandora and Off-platform Cost of Services includes revenue share and royalties, programming and content, customer service and billing, and transmission expenses.

Pandora and Off-platform Revenue Share and Royalties includes licensing fees paid for streaming music, podcast content, and revenue share paid to third party publishers. Payments are made based on advertising impressions delivered or click-through actions, and these costs are recorded in the related period.

For the years ended December 31, 2024 and 2023, revenue share and royalties were \$1,270 and \$1,292, respectively, a decrease of 2%, or \$22, and decreased as a percentage of total Pandora and Off-platform revenue. The decrease was primarily due to lower on-platform revenue, reduced listener hours, and decreased revenue share related to podcasts.

We expect our Pandora and Off-platform revenue share and royalties to increase with the growth in our podcast revenue and higher royalty rates, including as a result of increases in the Consumer Price Index.

Pandora and Off-platform Programming and Content includes costs to produce owned and operated podcasts, live listener events and promote content.

For the years ended December 31, 2024 and 2023, programming and content expenses were \$61 and \$69, respectively, a decrease of 12%, or \$8, and decreased as a percentage of total Pandora and Off-platform revenue. The decrease was primarily attributable to lower personnel-related costs, license fees, and event costs.

We expect our Pandora and Off-platform programming and content costs to remain relatively flat as increased podcast and event production costs are offset by lower personnel-related expenses.

Pandora and Off-platform Customer Service and Billing includes transaction fees on subscription purchases through mobile app stores and bad debt expense.

For the years ended December 31, 2024 and 2023, customer service and billing expenses were \$79 and \$83, respectively, a decrease of 5%, or \$4, and decreased as a percentage of total Pandora and Off-platform revenue. The decrease was driven by lower bad debt expenses.

We expect our Pandora and Off-platform customer service and billing costs to remain relatively flat.

Pandora and Off-platform Transmission includes costs associated with content streaming, maintaining our streaming radio and on-demand subscription services and creating and serving advertisements through third-party ad servers.

For each of the years ended December 31, 2024 and 2023, Pandora and Off-Platform transmission expenses were \$35, remaining unchanged in absolute terms but decreased as a percentage of total Pandora and Off-platform revenue. The flat expense level reflects higher bandwidth costs which were offset by lower personnel-related costs.

We expect our Pandora and Off-platform transmission costs to increase due to higher hosting costs associated with increased AdsWizz platform fee revenue, partially offset by lower personnel-related costs.

Operating Costs

Subscriber Acquisition Costs are costs associated with our satellite radio service. These include hardware subsidies paid to radio manufacturers, distributors and automakers; subsidies paid for chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; product warranty obligations; and freight. The majority of subscriber acquisition costs are incurred and expensed in advance of acquiring a subscriber. Subscriber acquisition costs do not include advertising costs, marketing, loyalty payments to distributors and dealers of satellite radios or revenue share payments to automakers and retailers of satellite radios.

For the years ended December 31, 2024 and 2023, subscriber acquisition costs were \$369 and \$359, respectively, an increase of 3%, or \$10, and increased as a percentage of total revenue. The increase was driven by contractual changes with certain automakers, partially offset by lower hardware subsidies from installations and reduced commission and hardware subsidy rates.

We expect subscriber acquisition costs to rise due to increased penetration with certain automakers and higher subsidies and other incentives offered to induce automakers to include our latest technology in their vehicles.

Sales and Marketing includes costs for marketing, advertising, media and production, including promotional events and sponsorships; cooperative and artist marketing; and personnel related costs including salaries,

commissions, and sales support. Marketing costs include expenses related to direct mail, outbound telemarketing, email communications, social media, television and streaming performance media, and third party promotional offers.

For the years ended December 31, 2024 and 2023, sales and marketing expenses were \$894 and \$931, respectively, a decrease of 4%, or \$37, and decreased as a percentage of total revenue. The decrease was primarily due to lower streaming and in-car marketing as well as personnel-related costs.

We expect sales and marketing expenses to continue to decline as we optimize costs across all marketing activities.

Product and Technology consists primarily of compensation and related costs to develop chipsets and new products and services, including streaming and connected vehicle services, research and development for broadcast information systems and the design and development costs to incorporate Sirius XM radios into new vehicles manufactured by automakers.

For the years ended December 31, 2024 and 2023, product and technology expenses were \$296 and \$322, respectively, a decrease of 8%, or \$26, and decreased as a percentage of total revenue. The decrease was primarily driven by higher capitalized personnel-related costs, which were partially offset by increased cloud hosting costs.

We anticipate product and technology expenses to decline as we optimize our technology spend.

General and Administrative primarily consists of compensation and related costs for personnel and facilities, and includes costs related to our finance, legal, human resources and information technology departments.

For the years ended December 31, 2024 and 2023, general and administrative expenses were \$497 and \$608, respectively, a decrease of 18%, or \$111, and decreased as a percentage of total revenue. The decrease was primarily driven by lower legal costs resulting from litigation insurance recoveries and reduced legal reserves, including amounts associated with settlement of certain litigation matters of \$24 during the twelve months ended December 31, 2023, as well as lower Former Parent operating costs.

We expect our general and administrative expenses, excluding litigation insurance recoveries, to remain relatively flat. Higher technology and consulting costs are expected to be offset by lower personnel-related costs and the absence of Former Parent operating costs going forward.

Depreciation and Amortization reflects the allocation of the costs of assets used in operations such as our satellite constellations, property, equipment and intangible assets, over their estimated service lives.

For the years ended December 31, 2024 and 2023, depreciation and amortization expense was \$578 and \$624, respectively. The decrease was primarily due to the retirement of a satellite during the twelve months ended December 31, 2023 and certain assets that reached the end of their useful lives, partially offset by the write-down of certain property and equipment recorded in the Transactions and an increase in capitalized software and hardware.

Impairment, Restructuring and Other Costs represents impairment charges, associated with the carrying amount of an asset exceeding the asset's fair value, restructuring expenses associated with the abandonment of certain leased office spaces as well as employee severance charges and other charges associated with organizational changes, and costs associated with the Transactions.

For the years ended December 31, 2024 and 2023, impairment, restructuring and other costs were \$3,453 and \$92, respectively. During the twelve months ended December 31, 2024, we recorded impairment charges of \$3,355 primarily related to an impairment of Goodwill and equity method investments, costs associated with the Transactions of \$71, and a charge of \$27 associated with severance and other restructuring costs. During the years ended December 31, 2023, we recorded a charge of \$34 primarily related to severance and other related costs, costs associated with the Transactions of \$26, impairments primarily related to terminated software projects of \$15, vacated office space impairments of \$12, accrued expenses of \$3 for which we will not recognize any future economic benefit, and a cost-method investment impairment of \$2.

Other (Expense) Income

Interest Expense represents the cost of interest on outstanding debt.

For the years ended December 31, 2024 and 2023, interest expense was \$496 and \$534, respectively. The decrease was driven by a lower average outstanding debt balance and increased capitalized interest.

Gain on Extinguishment of Debt includes gains incurred as a result of the redemption of certain debt.

The \$12 gain on extinguishment of debt during the year ended December 31, 2024 was due to the repurchase or redemption of the 2.75% exchangeable senior debentures due 2049.

Other Income (Expense), Net primarily includes realized and unrealized gains and losses from our debt measured at fair value, bond hedges, Deferred Compensation Plan and other investments, intergroup interests, interest and dividend income, our share of the income or loss from equity investments, and transaction costs related to non-operating investments.

For the years ended December 31, 2024 and 2023, other income (expense), net was \$136 and \$(64), respectively. During the twelve months ended December 31, 2024, we recorded unrealized gains on debt measured at fair value, earnings on unconsolidated entity investments, and trading gains associated with the investments held for our Deferred Compensation Plan. During the twelve months ended December 31, 2023, we recorded losses associated with bond hedges, partially offset by gains associated with the fair value of intergroup interests, earnings on unconsolidated entity investments, and trading gains from the investments held for our Deferred Compensation Plan.

Income Taxes

Income Tax Expense includes the change in our deferred tax assets, current federal and state tax expenses, and foreign withholding taxes.

For the years ended December 31, 2024 and 2023, income tax expense was \$210 and \$222, respectively.

Our effective tax rate for the years ended December 31, 2024 and 2023 was (11.3)% and 18.3%, respectively. The effective tax rate for the year ended December 31, 2024 was primarily driven by federal and state income tax expense, offset by the nondeductible impairment of Goodwill recorded during the year. The effective tax rate for the year ended December 31, 2023 was primarily driven by federal and state income tax expense, partially offset by the benefits related to research and development and certain other credits, as well as a release in state valuation allowance.

KEY FINANCIAL AND OPERATING PERFORMANCE METRICS

In this section, we present certain financial performance measures, some of which are presented as Non-GAAP items, which include free cash flow and adjusted EBITDA. We also present certain operating performance measures. Our adjusted EBITDA excludes the impact of share-based payment expense. Additionally, when applicable, our adjusted EBITDA metric excludes the effect of significant items that do not relate to the on-going performance of our business. We use these Non-GAAP financial and operating performance measures to manage our business, to set operational goals and as a basis for determining performance-based compensation for our employees. See the accompanying Glossary for more details and for the reconciliation to the most directly comparable GAAP measure (where applicable).

We believe these Non-GAAP financial and operating performance measures provide useful information to investors regarding our financial condition and results of operations. We believe these Non-GAAP financial and operating performance measures may be useful to investors in evaluating our core trends because they provide a more direct view of our underlying costs. We believe investors may use our adjusted EBITDA to estimate our current enterprise value and to make investment decisions. We believe free cash flow provides useful supplemental information to investors regarding our cash available for future subscriber acquisitions and capital expenditures, to repurchase or retire debt, to acquire other companies and our ability to return capital to stockholders. By providing these Non-GAAP financial and operating performance measures, together with the reconciliations to the most directly comparable GAAP measure (where applicable), we believe we are enhancing investors' understanding of our business and our results of operations.

Our Non-GAAP financial measures should be viewed in addition to, and not as an alternative for or superior to, our reported results prepared in accordance with GAAP. In addition, our Non-GAAP financial measures may not be comparable to similarly-titled measures by other companies. Please refer to the Glossary for a further discussion of such Non-GAAP financial and operating performance measures and reconciliations to the most directly comparable GAAP measure (where applicable). Subscribers and subscription related revenues and expenses

associated with our connected vehicle services and Sirius XM Canada are not included in Sirius XM's subscriber count or subscriber-based operating metrics. Subscribers to the Cloud Cover music programming service are now included in Pandora's subscriber count.

Set forth below are our subscriber balances as of December 31, 2024 compared to December 31, 2023.

<i>(subscribers in thousands)</i>	As of December 31,		2024 vs 2023 Change	
	2024	2023	Amount	%
Sirius XM				
Self-pay subscribers	31,646	31,942	(296)	(1)%
Paid promotional subscribers	1,580	1,933	(353)	(18)%
Ending subscribers	33,226	33,875	(649)	(2)%
Sirius XM Canada subscribers	2,516	2,629	(113)	(4)%
Pandora and Off-platform				
Monthly active users—all services	43,344	46,026	(2,682)	(6)%
Self-pay subscribers ⁽¹⁾	5,774	6,053	(279)	(5)%

(1) Pandora and Off-platform self-pay subscribers include Cloud Cover subscribers of 57 and 45 as of December 31, 2024 and 2023, respectively.

The following table contains our Non-GAAP financial and operating performance measures which are based on our adjusted results of operations for the years ended December 31, 2024 and 2023. Refer to Amendment No. 1 to our Registration Statement on Form S-4 filed with the SEC on March 20, 2024 for our Non-GAAP financial and operating performance measures for the year ended December 31, 2023 compared with the year ended December 31, 2022.

<i>(subscribers in thousands)</i>	For the Years Ended December 31,		2024 vs 2023 Change	
	2024	2023	Amount	%
Sirius XM				
Self-pay subscribers	(296)	(445)	149	33 %
Paid promotional subscribers	(353)	15	(368)	nm
Net additions	(649)	(430)	(219)	(51)%
Weighted average number of subscribers	33,292	33,993	(701)	(2)%
Average self-pay monthly churn	1.6%	1.6%	—%	— %
ARPU ⁽¹⁾	\$ 15.21	\$ 15.56	\$(0.35)	(2)%
SAC, per installation	\$ 14.55	\$ 13.18	\$ 1.37	10 %
Pandora and Off-platform				
Self-pay subscribers ⁽²⁾	(279)	(199)	(80)	(40)%
Net additions	(279)	(199)	(80)	(40)%
Weighted average number of subscribers	5,929	6,169	(240)	(4)%
Ad supported listener hours (in billions)	9.94	10.48	(0.54)	(5)%
Advertising revenue per thousand listener hours (RPM)	\$100.59	\$ 99.39	\$ 1.20	1 %
Total Company				
Adjusted EBITDA	\$ 2,732	\$ 2,790	\$ (58)	(2)%
Free cash flow	\$ 1,015	\$ 1,182	\$ (167)	(14)%

nm—not meaningful

(1) ARPU for Sirius XM excludes subscriber revenue from our connected vehicle services of \$164 and \$161 for the years ended December 31, 2024 and 2023, respectively.

(2) Pandora and Off-platform self-pay subscriber net additions include Cloud Cover net additions of 12 and 8 for the years ended December 31, 2024 and 2023, respectively.

Sirius XM

Subscribers. At December 31, 2024, Sirius XM had approximately 33,226 subscribers, a decrease of 649, from the approximately 33,875 subscribers as of December 31, 2023. Our self-pay subscriber base declined due

to lower vehicle conversion rates, partially offset by higher trial volume and reductions in voluntary and non-pay churn. We also saw a decrease in paid promotional subscribers as we transitioned some automakers from paid promotional subscriptions to unpaid or to shorter term promotional plans.

For the years ended December 31, 2024 and 2023, net subscriber additions were (649) and (430), respectively, a decrease of 219. Paid promotional net additions decreased compared to the prior year period as certain automakers transitioned from paid promotional subscriptions to unpaid. Self-pay net additions improved compared to the prior year primarily due to lower churn and higher trial volumes, partially offset by lower conversion rates.

Sirius XM Canada Subscribers. At December 31, 2024, Sirius XM Canada had approximately 2,516 subscribers, a decrease of 113, or 4%, from the approximately 2,629 Sirius XM Canada subscribers as of December 31, 2023.

Average Self-pay Monthly Churn is derived by dividing the monthly average of self-pay deactivations for the period by the average number of self-pay subscribers for the period. (See accompanying Glossary for more details.)

For each of the years ended December 31, 2024 and 2023, our average self-pay monthly churn rate was 1.6%.

ARPU is derived from total earned Sirius XM subscriber revenue (excluding revenue derived from our connected vehicle services) and net advertising revenue, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. (See the accompanying Glossary for more details.)

For the years ended December 31, 2024 and 2023, ARPU was \$15.21 and \$15.56, respectively. The decrease was driven by an increase in self-pay subscribers on promotional and streaming-only self-pay subscription plans, partially offset by rate increases on certain self-pay subscription plans during 2023 which had a full-year impact in the current year.

SAC, Per Installation, is derived from subscriber acquisition costs and margins from the sale of radios, components and accessories (excluding connected vehicle services), divided by the number of satellite radio installations in new vehicles and shipments of aftermarket radios for the period. (See the accompanying Glossary for more details.)

For the years ended December 31, 2024 and 2023, SAC, per installation, was \$14.55 and \$13.18, respectively. The increase was driven by a transition to higher cost chipsets, partially offset by a change in the mix of automakers including satellite radios in their vehicles.

Pandora and Off-platform

Monthly Active Users. At December 31, 2024, Pandora had approximately 43,344 monthly active users, a decrease of 2,682 monthly active users, or 6%, from the 46,026 monthly active users as of December 31, 2023. The decrease in monthly active users was driven by higher churn and a decline in the number of new users.

Subscribers. At December 31, 2024, Pandora had approximately 5,774 subscribers, a decrease of 279, or 5%, from the approximately 6,053 subscribers as of December 31, 2023.

For the years ended December 31, 2024 and 2023, net subscriber additions were (279) and (199), respectively. The decrease in ending subscribers was driven by decreases in trial starts and lower retention due to price increases.

Ad supported listener hours are a key indicator of our Pandora business and the engagement of our Pandora listeners. We include ad supported listener hours related to Pandora's non-music content offerings in the definition of listener hours.

For the years ended December 31, 2024 and 2023, ad supported listener hours were 9,940 and 10,480, respectively, a decrease of 5%, or 540. The decrease in ad supported listener hours were primarily driven by the decline in monthly active users.

RPM is a key indicator of our ability to monetize advertising inventory created by listener hours on the Pandora services. Ad RPM is calculated by dividing advertising revenue by the number of thousands of listener hours of our Pandora advertising-based service.

For the years ended December 31, 2024 and 2023, RPM was \$100.59 and \$99.39, respectively. The increase was driven by growth in advertising spots sold per listener hour.

Total Company

Adjusted EBITDA. EBITDA is defined as net (loss) income before interest expense, income tax expense and depreciation and amortization. Adjusted EBITDA excludes the impact of other expense (income), loss on extinguishment of debt, impairment, restructuring and other costs, Former Parent operating costs, other non-cash charges such as share-based payment expense, and legal settlements and reserves (if applicable). (See the accompanying Glossary for a reconciliation to GAAP and for more details.)

For the years ended December 31, 2024 and 2023, adjusted EBITDA was \$2,732 and \$2,790, respectively, a decrease of 2%, or \$58. The decrease was driven by declines in subscriber revenue, partially offset by lower costs of services, personnel-related costs, sales and marketing and general and administrative expenses.

Free Cash Flow includes cash provided by operations, net of additions to property and equipment, and restricted and other investment activity. (See the accompanying Glossary for a reconciliation to GAAP and for more details.)

For the years ended December 31, 2024 and 2023, free cash flow was \$1,015 and \$1,182, respectively, a decrease of 14%, or \$167. The decrease was primarily driven by costs related to the Transactions, higher capital expenditures and cash taxes paid.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents a summary of our cash flow activity for the year ended December 31, 2024 compared with the year ended December 31, 2023. Refer to Amendment No. 1 to our Registration Statement on Form S-4 filed with the SEC on March 20, 2024 for our cash flows for the year ended December 31, 2023 compared with the year ended December 31, 2022.

<i>(in millions)</i>	For the Years Ended December 31,		
	2024	2023	2024 vs 2023
Net cash provided by operating activities	\$1,741	\$ 1,829	\$ (88)
Net cash used in investing activities	(970)	(696)	(274)
Net cash used in financing activities	(916)	(1,188)	272
Net decrease in cash, cash equivalents and restricted cash	(145)	(55)	(90)
Cash, cash equivalents and restricted cash at beginning of period	315	370	(55)
Cash, cash equivalents and restricted cash at end of period	\$ 170	\$ 315	\$(145)

Cash Flows Provided by Operating Activities

Cash flows provided by operating activities decreased by \$88 to \$1,741 for the year ended December 31, 2024 from \$1,829 for the year ended December 31, 2023.

Our largest source of cash provided by operating activities is cash generated by subscription and subscription-related revenues. We also generate cash from the sale of advertising through the Pandora and Off-platform business, advertising on certain non-music channels on Sirius XM and the sale of satellite radios, components and accessories. Our primary uses of cash from operating activities include revenue share and royalty payments to distributors, programming and content providers, and payments to radio manufacturers, distributors and automakers. In addition, uses of cash from operating activities include payments to vendors to service, maintain and acquire listeners and subscribers, general corporate expenditures, and compensation and related costs.

Cash Flows Used in Investing Activities

Cash flows used in investing activities in the year ended December 31, 2024 were primarily due to spending for capitalized software and hardware, the construction of satellites and acquisitions of tax-effective investments for total cash consideration of \$244. Cash flows used in investing activities in the year ended December 31, 2023 were primarily due to spending for capitalized software and hardware, the construction of satellites and acquisitions of tax-effective equity investments for total cash consideration of \$50. We spent \$413 and \$297 on capitalized software and hardware as well as \$262 and \$285 to construct satellites during the years ended December 31, 2024 and 2023, respectively.

Cash Flows Used in Financing Activities

Cash flows used in financing activities consists of the issuance and repayment of long-term debt, purchases of our common stock, the payment of cash dividends and taxes paid in lieu of shares issued for stock-based compensation. Proceeds from long-term debt have been used to fund our operations, construct and launch new satellites, fund acquisitions, invest in other infrastructure improvements and purchase shares of our common stock.

Cash flows used in financing activities in the year ended December 31, 2024 were primarily due to the repayment of \$3,914 of debt, partially offset by proceeds from debt borrowings of \$3,205. The remaining cash flows used in financing activities related to taxes paid from net share settlements for stock-based compensation and dividends paid. Long-term debt proceeds and repayments are reported gross within the statement of cash flows and primarily relate to the Margin Loan and the Credit Facility.

Cash flows used in financing activities in the year ended December 31, 2023 were primarily due to the repayment of \$3,782 of debt and the purchase and retirement of shares of Old Sirius' common stock under its repurchase program of \$274, partially offset by proceeds from debt borrowings of \$2,681, and the settlement of intergroup interests of \$273 and dividends paid. Long-term debt proceeds and repayments are reported gross within the statement of cash flows and primarily relate to Pandora's 1.75% Convertible Senior Notes due 2023, Liberty Media's 1.375% Cash Convertible Senior Notes due 2023, the Convertible Notes, the Exchangeable Notes, the Margin Loan, and the Credit Facility (each as defined in Note 13 to our audited consolidated financial statements included elsewhere in this Annual Report).

Future Liquidity and Capital Resource Requirements

Based upon our current business plans, we expect to fund operating expenses, capital expenditures, including the construction of replacement satellites, working capital requirements, interest payments, taxes and scheduled maturities of our debt with existing cash, cash flow from operations and borrowings under the Credit Facility, including the Incremental Term Loan. As of December 31, 2024, \$1,750 was available for future borrowing under the Credit Facility and zero was available under the Incremental Term Loan. We believe that we have sufficient cash and cash equivalents, as well as debt capacity, to cover our estimated short and long-term funding needs, including amounts to construct, launch and insure replacement satellites, as well as fund future stock repurchases and dividend payments and to pursue strategic opportunities.

Our ability to meet our debt and other obligations depends on our future operating performance and on economic, financial, competitive and other factors.

We regularly evaluate our business plans and strategy. These evaluations often result in changes to our business plans and strategy, some of which may be material and significantly change our cash requirements. These changes in our business plans or strategy may include: the acquisition of unique or compelling programming; the development and introduction of new features or services; significant new or enhanced distribution arrangements; investments in infrastructure, such as satellites, equipment or radio spectrum; and acquisitions and investments, including acquisitions and investments that are not directly related to our existing business.

We may from time to time purchase our outstanding debt through open market purchases, privately negotiated transactions or otherwise. Purchases or retirement of debt, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

We have made, and expect to continue to make, certain tax-efficient equity investments in clean energy technologies, including industrial carbon capture and storage. These investments will produce tax credits and related tax losses. The payments on these equity investments will be classified as investing activities from a cash flow perspective, while the tax credits and losses will benefit our federal cash taxes in operating activities.

Stock Repurchase Program

Prior to the closing of the Transactions, the board of directors of Old Sirius had approved the repurchase of an aggregate of \$18,000 of its common stock. As of the closing of the Transactions, Old Sirius' cumulative repurchases since December 2012 under that stock repurchase program totaled 373 shares for \$16,834, and \$1,166 remained available under that stock repurchase program. The stock repurchase program of Old Sirius was terminated on the closing date of the Transactions.

Following the closing of the Transactions, on September 9, 2024, our board of directors authorized for repurchase an aggregate of \$1,166 of our common stock. The board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including in accelerated stock repurchase transactions, or otherwise. We intend to fund any stock repurchases through a combination of cash on hand, cash generated by operations and future borrowings. The size and timing of any purchases will be based on a number of factors, including price and business and market conditions. As of December 31, 2024, our cumulative repurchases since the closing of the Transactions under our stock repurchase program totaled 301 thousand shares for \$7, and \$1,160 remained available for additional repurchases under our existing stock repurchase program authorization.

Dividend

On January 22, 2025, our board of directors declared a quarterly dividend on our common stock in the amount of \$0.27 per share of common stock payable on February 25, 2025 to stockholders of record as of the close of business on February 7, 2025.

Debt Covenants

The indentures governing Sirius XM's senior notes and the agreements governing the Sirius XM Credit Facility include restrictive covenants. The indentures governing the senior notes also contain covenants that, among other things, limit Sirius XM's ability and the ability of its subsidiaries to create certain liens; enter into sale/ leaseback transactions; and merge or consolidate. As of December 31, 2024, we were in compliance with such covenants. For a discussion of our "Debt Covenants," refer to Note 13 to our audited consolidated financial statements included in this Annual Report.

Off-Balance Sheet Arrangements

We do not have any significant off-balance sheet arrangements other than those disclosed in Note 16 to our audited consolidated financial statements included in this Annual Report that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Contractual Cash Commitments

For a discussion of our "Contractual Cash Commitments," refer to Note 16 to our audited consolidated financial statements included in this Annual Report.

Related Party Transactions

For a discussion of "Related Party Transactions," refer to Note 12 to our audited consolidated financial statements included in this Annual Report.

Critical Accounting Policies and Estimates

Our audited consolidated financial statements are prepared in accordance with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Accounting estimates require the use of significant management assumptions and judgments as to future events, and the effect of those events cannot be predicted with certainty. The accounting estimates will change as new events occur, more experience is acquired and more information is obtained. We evaluate and update our assumptions and estimates on an ongoing basis and use outside experts to assist in that evaluation when we deem necessary. We have identified all significant accounting policies in Note 2 to our audited consolidated financial statements in this Annual Report.

Non-Financial Instrument Valuations. Our non-financial instrument valuations are primarily comprised of our determination of the estimated fair value allocation of net tangible and identifiable intangible assets acquired in business combinations, our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, such as trademarks, and our evaluation of the recoverability of our other long-lived assets upon certain triggering events. If the carrying value of our long-lived assets exceeds their estimated fair value, we are required to write the carrying value down to fair value. Any such writedown is included in Impairment, restructuring and other costs in our audited consolidated statement of operations. Judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make

estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value. As each of our operating segments has long-lived assets, this critical accounting policy affects the financial position and results of operations of each segment. Our intangible assets include goodwill, other indefinite-lived assets (our FCC licenses and trademarks) and definite-lived assets. Our annual impairment assessment of our goodwill and our indefinite-lived assets is performed as of the fourth quarter of each year. We also review our intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. If an impairment exists, the impairment is measured as the amount by which the carrying amount of an intangible asset exceeds its estimated fair value.

- **Goodwill:** ASC 350, *Intangibles—Goodwill and Other*, states that an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Under the updated guidance per Accounting Standards Update ("ASU") 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment is eliminated. In accordance with updated guidance, we recognize goodwill impairment as the difference between the carrying amount of a reporting unit and its fair value, but not to exceed the carrying amount of goodwill.

In connection with the close of the Transactions, our market capitalization sustained a decrease during the third quarter of 2024 and we concluded that, in accordance with ASC 350, a triggering event occurred indicating that potential impairment existed, which required us to conduct an interim test of the fair value of the goodwill for the Sirius XM and Pandora and Off-platform reporting units. The results of our goodwill impairment test indicated that the estimated fair value of the Pandora reporting unit exceeded its carrying amount, whereas the carrying amount of the Sirius XM reporting unit exceeded its estimated fair value. As a result, we recorded a goodwill impairment charge of \$2,819 to write down the carrying amount of the Sirius XM goodwill in the Impairment, restructuring and other costs line item in our audited consolidated statements of operations. Fair value was determined using a combination of an income approach, using a discounted cash flow ("DCF") model, and a market approach, employing a guideline public company approach. The DCF model, which estimates fair value based on the present value of future cash flows, requires us to make various assumptions regarding the timing and amount of these cash flows, including growth rates, operating margins and capital expenditures for a projection period, plus the terminal value of the business at the end of the projection period. The terminal value is estimated using a long-term growth rate, which is based on expected trends and projections. A discount rate is determined for the reporting unit based on the risks of achieving the future cash flows, including risks applicable to the industry and market as a whole, as well as the capital structure of comparable entities. Additionally, assumptions related to guideline company financial multiples used in the market approach based on current market observations.

- **Indefinite-lived Assets:** ASC 350-30-35, *Intangibles—General Intangibles Other than Goodwill*, provides for an option to first perform a qualitative assessment to determine whether it is more likely than not that an asset is impaired. If the qualitative assessment supports that it is more likely than not that the fair value of the asset exceeds its carrying value, a company is not required to perform a quantitative impairment test. If the qualitative assessment does not support that the fair value of the asset exceeds its carrying value, then a quantitative assessment is performed. We recognize impairment as the difference between the carrying amount of an asset and its estimated fair value.

Our annual impairment assessment of our identifiable indefinite lived intangible assets is performed as of the fourth quarter of each year. An assessment is performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value. If the carrying value of the intangible assets exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. As a result of the Sirius XM goodwill impairment discussed in Note 8, we evaluated our FCC licenses, Sirius XM trademark, and Pandora trademark for impairment using a quantitative assessment during the quarter ended December 31, 2024. The results of the assessment indicated that the estimated fair values for these indefinite-lived assets exceeded their carrying values and no impairment loss was recognized for intangible assets with indefinite lives during the years ended December 31, 2024 and 2023. Fair value was determined using a DCF model. The DCF model included significant assumptions about revenue growth rates, long-term growth rates and enterprise specific discount rates.

- **Definite-lived Assets:** We carry our definite-lived assets at cost less accumulated amortization. We assess definite-lived assets for recoverability whenever events or changes in circumstances indicate that its carrying

amount may not be recoverable. If an event or circumstance is identified indicating the carrying value may not be recoverable, the sum of future undiscounted cash flows is compared to the carrying value. If the carrying value exceeds the future undiscounted cash flows, the carrying value of the asset is reduced to its fair value. The fair value of assets is determined as either the expected selling price less selling costs (where appropriate) or the present value of the estimated future cash flows, adjusted as necessary for market factors.

Useful Life of Broadcast/Transmission System. Our satellite system includes the costs of our satellite construction, launch vehicles, launch insurance, capitalized interest, spare satellites, terrestrial repeater network and satellite uplink facilities. We monitor our satellites for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable.

We operate two in-orbit Sirius satellites, FM-5 and FM-6, which launched in 2009 and 2013, respectively, and estimate they will operate effectively through the end of their depreciable lives in 2024 and 2028, respectively.

We currently operate four in-orbit XM satellites, XM-3, XM-5, SXM-8 and SXM-9. Our XM-3 satellite was launched in 2005 and is used as an in-orbit spare and reached the end of its depreciable life in 2020. Our XM-5 satellite was launched in 2010 and is expected to reach the end of its depreciable life in 2025. Our SXM-8 satellite was launched in 2021 and is expected to reach the end of its depreciable life in 2036. Our SXM-8 satellite replaced our XM-3 satellite. On December 5, 2024, our SXM-9 satellite was successfully launched and has completed in-orbit testing. Our SXM-9 satellite will replace our SXM-8 satellite in the XM constellation, with SXM-8 becoming an in-orbit spare. We expect to place this satellite into service in the first quarter of 2025. We have entered into agreements for the design, construction and launch of three additional satellites, SXM-10, SXM-11 and SXM-12.

Our satellites have been designed to last fifteen years. Our in-orbit satellites may experience component failures which could adversely affect their useful lives. We monitor the operating condition of our in-orbit satellites and if events or circumstances indicate that the depreciable lives of our in-orbit satellites have changed, we will modify the depreciable life accordingly. If we were to revise our estimates, our depreciation expense would change.

Income Taxes. Deferred income taxes are recognized for the tax consequences related to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

We assess the recoverability of deferred tax assets at each reporting date and, where applicable, a valuation allowance is recognized when, based on the weight of all available evidence, it is considered more likely than not that all, or some portion, of the deferred tax assets will not be realized. Our assessment includes an analysis of whether deferred tax assets will be realized in the ordinary course of operations based on the available positive and negative evidence, including the scheduling of deferred tax liabilities and forecasted income from operations. The underlying assumptions we use in forecasting future taxable income require significant judgment. In the event that actual income from operations differs from forecasted amounts, or if we change our estimates of forecasted income from operations, we could record additional charges or reduce allowances in order to adjust the carrying value of deferred tax assets to their realizable amount. Such adjustments could be material to our audited consolidated financial statements.

As of December 31, 2024, we had a valuation allowance of \$93 relating to deferred tax assets that are not more likely than not to be realized due to the timing of certain state net operating loss limitations and acquired net operating losses that were not likely to be utilized.

ASC 740, *Income Taxes*, requires a company to first determine whether it is more likely than not that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more likely than not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. If the tax position is not more likely than not to be sustained, the gross amount of the unrecognized tax position will not be recorded in the financial statements but will be shown in tabular format within the uncertain income tax positions. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs due to the following conditions: (1) the tax position is "more likely than not" to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. A number of years may elapse before an uncertain tax position is effectively settled or until there is

a lapse in the applicable statute of limitations. We record interest and penalties related to uncertain tax positions in Income tax expense in our consolidated statements of comprehensive income. As of December 31, 2024, the gross liability for income taxes associated with uncertain tax positions was \$201.

Glossary

Self-pay subscriber—A self-pay subscriber is a user that, as of the date of determination, was party to a customer agreement with SiriusXM or Pandora, and (i) has paid or agreed to pay a subscription fee, including at a promotional price, or (ii) the subscription fee has been paid by an automaker for a period of three years or greater. Lifetime subscribers to the SiriusXM service are counted as self-pay subscribers because they are party to a customer agreement with SiriusXM and have paid a subscription fee, although in almost all cases the revenue from such subscriptions have been fully recognized in prior periods. Certain users that are party to a customer agreement with Sirius XM or Pandora and have paid or agreed to pay a small promotional price for a trial subscription are not counted as self-pay subscribers because the promotional price is considered to be *de minimis* and, in management's view, the payment is not indicative of the user's intent to subscribe to the service in the near-term.

Paid promotional subscriber—A paid promotional subscriber is a user that, as of the date of determination, has their subscription fee paid for by a third party, for a fixed trial subscription period, which typically range from one to twelve months but is less than three years. We count prepaid shipped but not activated vehicles as paid promotional subscribers.

Monthly active users—the number of distinct registered users on the Pandora services, including subscribers, which have consumed content within the trailing 30 days to the end of the final calendar month of the period. The number of monthly active users on the Pandora services may overstate the number of unique individuals who actively use our Pandora service, as one individual may use multiple accounts. To become a registered user on the Pandora services, a person must sign-up using an email address or access our service using a device with a unique identifier, which we use to create an account for our service.

Average self-pay monthly churn—for in-car and retail radio subscriptions, the Sirius XM monthly average of self-pay deactivations for the period divided by the average number of self-pay subscribers for the period.

Adjusted EBITDA—EBITDA is defined as net (loss) income before interest expense, income tax expense and depreciation and amortization. Adjusted EBITDA is a Non-GAAP financial measure that excludes or adjusts for the impact of other expense (income), gain on extinguishment of debt, impairment, restructuring and other costs, Former Parent operating costs, other non-cash charges such as share-based payment expense, and legal settlements and reserves (if applicable). We believe adjusted EBITDA is a useful measure of the underlying trend of our operating performance, which provides useful information about our business apart from the costs associated with our capital structure and purchase price accounting. We believe investors find this Non-GAAP financial measure useful when analyzing our past operating performance with our current performance and comparing our operating performance to the performance of other communications, entertainment and media companies. We believe investors use adjusted EBITDA to estimate our current enterprise value and to make investment decisions. As a result of large capital investments in our satellite radio system, our results of operations reflect significant charges for depreciation expense. We believe the exclusion of share-based payment expense is useful as it is not directly related to the operational conditions of our business. We also believe the exclusion of the legal settlements and reserves, impairment, restructuring and other costs, to the extent they occur during the period, is useful as they are significant expenses not incurred as part of our normal operations for the period.

Adjusted EBITDA has certain limitations in that it does not take into account the impact to our consolidated statements of comprehensive income of certain expenses, including share-based payment expense. We endeavor to compensate for the limitations of the Non-GAAP measure presented by also providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the Non-GAAP measure. Investors that wish to compare and evaluate our operating results after giving effect for these costs should refer to net income as disclosed in our consolidated statements of comprehensive income. Since adjusted EBITDA is a Non-GAAP financial performance measure, our calculation of adjusted EBITDA may be susceptible to varying calculations; may not be comparable to other similarly titled measures of other companies; and should not be considered in isolation, as a substitute for, or

superior to measures of financial performance prepared in accordance with GAAP. The reconciliation of net (loss) income to the adjusted EBITDA is calculated as follows:

	For the Years Ended December 31,	
	2024	2023
Net (loss) income:	\$(2,075)	\$ 988
Add back items excluded from Adjusted EBITDA:		
Legal settlements and reserves	3	31
Former Parent operating costs	15	32
Impairment, restructuring and other costs	3,453	92
Share-based payment expense ⁽¹⁾	200	203
Depreciation and amortization	578	624
Interest expense	496	534
Gain on extinguishment of debt	(12)	—
Other (income) expense, net	(136)	64
Income tax expense	210	222
Adjusted EBITDA	\$ 2,732	\$2,790

(1) Allocation of share-based payment expense:

	For the Years Ended December 31,	
	2024	2023
Programming and content	\$ 36	\$ 34
Customer service and billing	5	5
Transmission	5	6
Sales and marketing	45	45
Product and technology	44	46
General and administrative	65	67
Total share-based payment expense	\$200	\$203

Free cash flow—is derived from cash flow provided by operating activities, net of additions to property and equipment and purchases of other investments. Free cash flow is a metric that our management and board of directors use to evaluate the cash generated by our operations, net of capital expenditures and other investment activity. In a capital intensive business, with significant investments in satellites, we look at our operating cash flow, net of these investing cash outflows, to determine cash available for future subscriber acquisition and capital expenditures, to repurchase or retire debt, to acquire other companies and to evaluate our ability to return capital to stockholders. We exclude from free cash flow certain items that do not relate to the on-going performance of our business, such as cash flows related to acquisitions, strategic and short-term investments, including tax efficient investments in clean energy as well as net loan activity with related parties and other equity investees. We believe free cash flow is an indicator of the long-term financial stability of our business. Free cash flow, which is reconciled to “Net cash provided by operating activities,” is a Non-GAAP financial measure. This measure can be calculated by deducting amounts under the captions “Additions to property and equipment” and deducting or adding Restricted and other investment activity from “Net cash provided by operating activities” from the consolidated statements of cash flows. Free cash flow should be used in conjunction with other GAAP financial performance measures and may not be comparable to free cash flow measures presented by other companies. Free cash flow should be viewed as a supplemental measure rather than an alternative measure of cash flows from operating activities, as determined in accordance with GAAP. Free cash flow is limited and does not represent remaining cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt maturities. We believe free cash flow provides useful supplemental information to investors regarding our current cash flow, along with other GAAP measures (such

as cash flows from operating and investing activities), to determine our financial condition, and to compare our operating performance to other communications, entertainment and media companies. Free cash flow is calculated as follows:

	For the Years Ended December 31,	
	2024	2023
Cash Flow information		
Net cash provided by operating activities	\$1,741	\$ 1,829
Net cash used in investing activities	(970)	(696)
Net cash used in financing activities	(916)	(1,188)
Free Cash Flow		
Net cash provided by operating activities	1,741	1,829
Additions to property and equipment	(728)	(650)
Sales of other investments	2	3
Free cash flow ⁽¹⁾	\$1,015	\$ 1,182

(1) Compared to Old Sirius' free cash flow, the cash flow for Sirius XM Holdings is impacted by the additional interest payments related to Liberty Media's debt attributed to SplitCo as well as corporate costs.

ARPU—Sirius XM ARPU is derived from total earned subscriber revenue (excluding revenue associated with our connected vehicle services) and advertising revenue, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period.

Subscriber acquisition cost, per installation—or SAC, per installation, is derived from subscriber acquisition costs less margins from the sale of radios and accessories (excluding connected vehicle services), divided by the number of satellite radio installations in new vehicles and shipments of aftermarket radios for the period. SAC, per installation, is calculated as follows:

	For the Years Ended December 31,	
	2024	2023
Subscriber acquisition costs, excluding connected vehicle services	\$ 369	\$ 359
Less: margin from sales of radios and accessories, excluding connected vehicle services	(172)	(179)
	\$ 197	\$ 180
Installations (in thousands)	13,545	13,640
SAC, per installation ^(a)	\$ 14.55	\$ 13.18

(a) Amounts may not recalculate due to rounding.

Ad supported listener hours—is based on the total bytes served over our Pandora advertising supported platforms for each track that is requested and served from our Pandora servers, as measured by our internal analytics systems, whether or not a listener listens to the entire track. For non-music content such as podcasts, episodes are divided into approximately track-length parts, which are treated as tracks. To the extent that third-party measurements of advertising hours are not calculated using a similar server-based approach, the third-party measurements may differ from our measurements.

RPM—is calculated by dividing advertising revenue, excluding AdsWizz and other off-platform revenue, by the number of thousands of listener hours on our Pandora advertising-based service.

Issuer Purchases of Equity Securities

The following table provides information about our purchases of equity securities registered pursuant to Section 12 of the Exchange Act during the quarter ended December 31, 2024.

Period	Total Number of Shares Purchased	Average Price Paid Per Share ^(a)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ^(a)
October 1, 2024–October 31, 2024	—	\$ —	—	\$1,166,487,722
November 1, 2024–November 30, 2024	—	\$ —	—	\$1,166,487,722
December 1, 2024–December 31, 2024	300,609	\$22.71	300,609	\$1,159,660,534
Total	300,609	\$22.71	300,609	

(a) These amounts include fees and commissions associated with the shares repurchased. All of these repurchases were made pursuant to our share repurchase program.

Prior to the closing of the Transactions, the board of directors of Old Sirius had approved the repurchase of an aggregate of \$18.0 billion of its common stock. As of the closing of the Transactions, Old Sirius' cumulative repurchases since December 2012 under that stock repurchase program totaled 373 million shares for \$16.8 billion, and \$1.166 billion remained available under that stock repurchase program. The stock repurchase program of Old Sirius was terminated on the closing date of the Transactions.

On September 10, 2024, we announced that our board of directors had approved for repurchase an aggregate of \$1.166 billion of our common stock. The board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including in accelerated stock repurchase transactions, or otherwise. We intend to fund any stock repurchases through a combination of cash on hand, cash generated by operations and future borrowings. The size and timing of any purchases will be based on a number of factors, including price and business and market conditions.

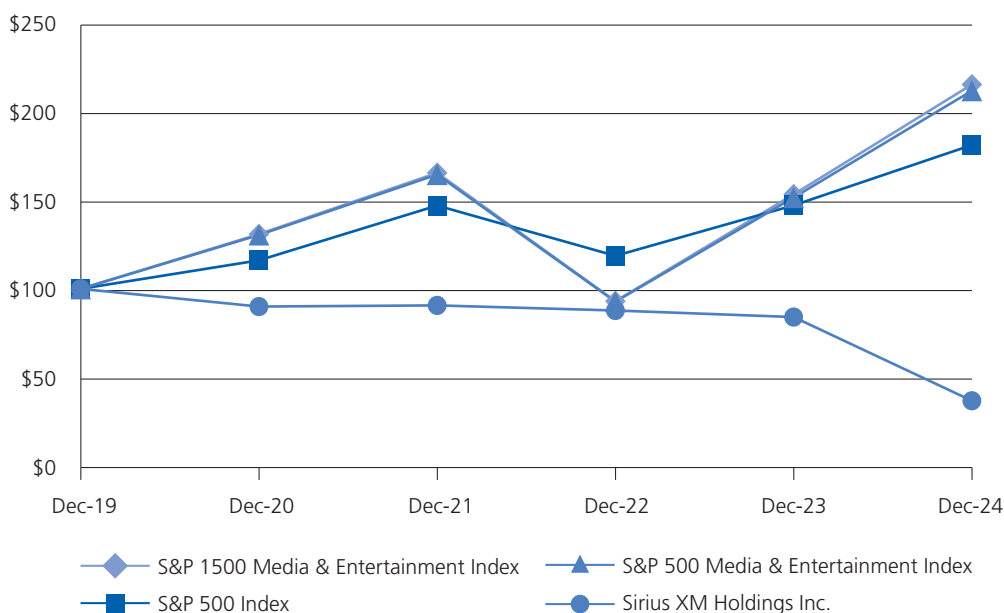
COMPARISON OF CUMULATIVE TOTAL RETURNS

Set forth below is a graph comparing the cumulative performance of our common stock with the Standard & Poor's Composite-500 Stock Index, or the S&P 500, and the S&P 500 Media & Entertainment Index, the published industry index we previously used for the purposes of the SEC rules, and the S&P 1500 Media & Entertainment Index, the new published industry index we have selected to use, from December 31, 2019 to December 31, 2024. The graph assumes that \$100 was invested on December 31, 2019, in each of our common stock, the S&P 500, the S&P 500 Media & Entertainment Index and the S&P 1500 Media and Entertainment Index.

The information in the graph represents the performance of the common stock of Old Sirius for the period from December 31, 2019 to September 9, 2024, the closing of the Transactions, and the performance of our common stock from September 10, 2024 to December 31, 2024.

We determined to change the published industry index used for the required performance graph to the S&P 1500 Media & Entertainment Index following a review by the Compensation Committee's independent consultants, Meridian Compensation Partners, LLC, to identify the most-appropriate index for determining a part of our executive compensation awards. This review concluded that the S&P 1500 Media & Entertainment Index was more closely aligned with companies in our executive compensation peer group than the S&P 500 Media & Entertainment Index. From an investor perspective, the S&P 1500 Media & Entertainment Index also was found to consist of additional companies that more closely aligned as peers than those contained in the S&P 500 Media & Entertainment Index and other alternatives that were tested, supporting its relevance to investors for relative capital-market performance comparisons.

Our board of directors expects to declare regular quarterly dividends.



STOCKHOLDER RETURN PERFORMANCE TABLE

	S&P 1500 Media & Entertainment Index	S&P 500 Index	S&P 500 Media & Entertainment Index	Sirius XM Holdings Inc.
December 31, 2019	\$100.00	\$100.00	\$100.00	\$100.00
December 31, 2020	\$130.73	\$116.26	\$131.17	\$ 89.89
December 31, 2021	\$165.21	\$147.52	\$166.16	\$ 90.55
December 31, 2022	\$ 92.69	\$118.84	\$ 92.95	\$ 87.64
December 31, 2023	\$152.08	\$147.64	\$153.89	\$ 83.90
December 31, 2024	\$213.02	\$182.05	\$216.58	\$ 36.14

This performance graph shall not be deemed “soliciting material” or “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about our common stock that may be issued upon exercise of options, warrants and rights under our equity compensation plans. Information is as of December 31, 2024.

Plan Category (shares in millions)	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights ⁽¹⁾	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights ⁽²⁾	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	30	\$49.69	—
Equity compensation plans not approved by security holders	—	—	—
Total	30	\$49.69	—

- (1) In addition to shares issuable upon exercise of stock options, amount also includes approximately 12 shares underlying restricted stock units, including performance-based restricted stock units (“PRSUs”) and dividend equivalents thereon. The number of shares to be issued in respect of PRSUs and dividend equivalents thereon have been calculated based on the assumption that the maximum levels of performance applicable to the PRSUs will be achieved.
- (2) The weighted-average exercise price of outstanding options, warrants and rights relates solely to stock options, which are the only currently outstanding exercisable security.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As of December 31, 2024, we did not hold or issue any derivatives. We hold investments in money market funds and certificates of deposit. These securities are consistent with the objectives contained within our investment

policy. The basic objectives of our investment policy are the preservation of capital, maintaining sufficient liquidity to meet operating requirements and maximizing yield.

As of December 31, 2024, we also held the following investment:

In connection with the recapitalization of Sirius XM Canada on May 25, 2017, we loaned Sirius XM Canada \$130.8 million. The carrying value of the loan as of December 31, 2024 was \$7.0 million and approximated its fair value. The loan is denominated in Canadian dollars and it is subject to changes in foreign currency. The loan is considered a long-term investment with any unrealized gains or losses reported within Accumulated other comprehensive (loss) income. The loan has a term of fifteen years, bears interest at a rate of 7.62% per annum and includes customary covenants and events of default, including an event of default relating to Sirius XM Canada's failure to maintain specified leverage ratios. Had the Canadian to U.S. dollar exchange rate been 10% lower as of December 31, 2024, the value of this loan would have been approximately \$0.7 million lower.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long- and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity and (ii) issuing variable rate debt with appropriate maturities and interest rates. As of December 31, 2024, we had \$1,086 million principal amount of variable rate debt outstanding with a weighted average interest rate of 6.1% and \$9,325 million principal amount of fixed rate debt with a weighted average interest rate of 4.3%. Accordingly, as of December 31, 2024, based on the amount of variable rate debt outstanding and the then-current Term SOFR rate, a hypothetical 10% increase in interest rates would have increased annual interest expense by approximately \$5 million and a hypothetical 10% decrease in interest rates would have decreased annual interest expense by approximately \$5 million.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

(This page has been left blank intentionally.)

Report of Independent Registered Public Accounting Firm

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS SIRIUS XM HOLDINGS INC.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Sirius XM Holdings Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated January 30, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Sufficiency of audit evidence over certain subscriber and advertising revenues

As discussed in Notes 2 and 18 to the consolidated financial statements, and disclosed in the consolidated statements of operations, the Company generated \$8,699 million of revenues, of which \$6,076 million was Sirius XM subscriber revenue and \$1,606 million was Pandora advertising revenue, for the year ended December 31, 2024. The Company's accounting for these subscriber and advertising revenues involved multiple information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence related to Sirius XM subscriber and Pandora advertising revenue as a critical audit matter. Evaluating the sufficiency of audit evidence obtained required

auditor judgment due to the number of IT applications used by the Company that involved IT professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over subscriber and advertising revenues. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Sirius XM subscriber and Pandora advertising revenue recognition processes. We involved IT professionals with specialized skills and knowledge, who assisted in testing certain IT application controls and general IT controls used by the Company in its revenue recognition processes and testing the interface of relevant revenue data between different IT systems used in the revenue recognition processes. For Sirius XM subscriber revenue, we assessed the recorded revenue by comparing the total cash received during the year, adjusted for reconciling items, to the revenue recorded in the general ledger. For a sample of Pandora advertising revenues, we traced the recorded amounts to underlying source documents and system reports. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the appropriateness of the nature and extent of such evidence.

Valuation of goodwill in the Sirius XM reporting unit

As discussed in Note 8 to the consolidated financial statements, the Company's goodwill balance for the Sirius XM reporting unit was \$11,431 million as of December 31, 2024. The Company performs goodwill impairment testing on an annual basis during the fourth quarter of each fiscal year and whenever events and changes in circumstances indicate that the carrying value of a reporting unit more likely than not exceeds its fair value. The Company identified events that indicated that it was more likely than not that the carrying value of the Sirius XM reporting unit exceeded its fair value. The Company estimated the fair value of the Sirius XM reporting unit using a combination of an income approach and a market approach. As a result, the Company recognized an impairment charge of \$2,819 million for the Sirius XM reporting unit goodwill.

We identified the evaluation of the goodwill impairment assessment of the Sirius XM reporting unit as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate certain assumptions used by the Company to estimate the fair value of the reporting unit. Specifically, the revenue growth rates, long-term growth rate, and the discount rate involved a higher degree of subjectivity. In addition, these key assumptions were challenging to test due to the sensitivity of the fair value to changes in these assumptions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's goodwill impairment assessment process, including controls related to the key assumptions noted above. We performed sensitivity analyses to assess the impact of possible changes to the revenue growth rates, long-term growth rate and discount rate assumptions on the fair value of the Sirius XM reporting unit. We compared the Company's historical revenue forecasts to actual results to assess the Company's ability to accurately forecast revenues. We compared the Company's forecasted revenue growth rate assumptions to historical revenue growth rates, projected revenue growth rates for comparable companies, and other publicly available data, including third party market studies. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's long-term growth rate by comparing it to the long-term growth rate estimates that were independently observed using publicly available market data for the Company's industry as well as U.S. economic growth rates.
- evaluating the Company's discount rate by comparing it to discount rates that were independently developed using publicly available market data for comparable companies.

/s/ KPMG LLP

We have served as the Company's auditor since 2008.

New York, New York
January 30, 2025

Report of Independent Registered Public Accounting Firm

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS SIRIUS XM HOLDINGS INC.:

Opinion on Internal Control Over Financial Reporting

We have audited Sirius XM Holdings Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and our report dated January 30, 2025 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, New York
January 30, 2025

Sirius XM Holdings Inc. and Subsidiaries

Consolidated Statements of Operations

For the Years Ended December 31,

<i>(in millions, except per share data)</i>	2024	2023	2022
Revenue:			
Subscriber revenue	\$ 6,616	\$6,866	\$6,892
Advertising revenue	1,773	1,758	1,772
Equipment revenue	182	193	189
Other revenue	128	136	150
Total revenue	8,699	8,953	9,003
Operating expenses:			
Cost of services:			
Revenue share and royalties	2,835	2,895	2,802
Programming and content	611	618	604
Customer service and billing	448	476	497
Transmission	225	206	214
Cost of equipment	10	14	13
Subscriber acquisition costs	369	359	352
Sales and marketing	894	931	1,075
Product and technology	296	322	285
General and administrative	497	608	563
Depreciation and amortization	578	624	611
Impairment, restructuring and other costs	3,453	92	68
Total operating expenses	10,216	7,145	7,084
(Loss) income from operations	(1,517)	1,808	1,919
Other income (expense), net			
Interest expense	(496)	(534)	(503)
Gain on extinguishment of debt	12	—	—
Other income (expense), net	136	(64)	70
Total other expense	(348)	(598)	(433)
(Loss) income before income taxes	(1,865)	1,210	1,486
Income tax expense	(210)	(222)	(368)
Net (loss) income	(2,075)	988	1,118
Less net (loss) income attributable to noncontrolling interests	(410)	202	210
Net (loss) income attributable to Sirius XM Holdings Inc.	\$ (1,665)	\$ 786	\$ 908
Net (loss) income per common share:			
Basic	\$ (6.14)	\$ 2.91	\$ 3.22
Diluted	\$ (6.14)	\$ 2.77	\$ 2.96
Weighted average common shares outstanding:			
Basic	338	339	347
Diluted	338	362	368

See accompanying notes to the consolidated financial statements.

Sirius XM Holdings Inc.

Consolidated Statements of Comprehensive Income

For the Years Ended December 31,

<i>(in millions)</i>	2024	2023	2022
Net (loss) income	\$(2,075)	\$988	\$1,118
Credit risk on fair value debt instrument losses, net of tax	(27)	1	28
Recognition of previously unrealized gains on debt, net of tax	(12)	(36)	(6)
Foreign currency translation adjustment, net of tax	(14)	10	(27)
Total comprehensive (loss) income	\$(2,128)	\$963	\$1,113
Less: comprehensive (loss) income attributable to noncontrolling interests	(410)	202	205
Comprehensive (loss) income attributable to Sirius XM Holdings Inc.	\$(1,718)	\$761	\$ 908

See accompanying notes to the consolidated financial statements.

Sirius XM Holdings Inc.

Consolidated Balance Sheets

(in millions, except per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 162	\$ 306
Receivables, net	676	709
Related party current assets	21	36
Prepaid expenses and other current assets	290	310
Total current assets	1,149	1,361
Property and equipment, net	2,109	1,791
FCC licenses	8,610	8,600
Other intangible assets, net	1,579	1,710
Goodwill	12,390	15,209
Equity method investments	1,043	715
Other long-term assets	641	670
Total assets	\$27,521	\$30,056
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,284	\$ 1,303
Accrued interest	172	174
Current portion of deferred revenue	1,050	1,195
Current maturities of debt, including \$— and \$574 measured at fair value, respectively (Note 13)	61	1,079
Other current liabilities	48	192
Related party current liabilities	116	8
Total current liabilities	2,731	3,951
Long-term deferred revenue	82	88
Long-term debt, including \$594 and \$688 measured at fair value, respectively (Note 13)	10,314	10,073
Deferred tax liabilities	2,220	2,414
Other long-term liabilities	1,100	428
Total liabilities	16,447	16,954
Commitments and contingencies (Note 16)		
Equity:		
Common stock, par value \$0.001 per share; 900 shares authorized; 339 and zero shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	—	—
Former Parent's investment	—	(5,284)
Accumulated other comprehensive (loss) income, net of tax	(46)	7
Additional paid-in capital	—	—
Treasury stock, at cost; 26 thousand and zero shares of common stock at December 31, 2024 and December 31, 2023, respectively	(1)	—
Retained earnings	11,121	15,353
Total stockholders' equity/Former Parent's investment	11,074	10,076
Non-controlling interests	—	3,026
Total equity	11,074	13,102
Total liabilities and equity	\$27,521	\$30,056

See accompanying notes to the consolidated financial statements.

Sirius XM Holdings Inc.

Consolidated Statement of Equity

<i>(in millions)</i>	Common Stock		Former Parent's Investment	Retained earnings	Accumulated Other Comprehensive Income (Loss)	Additional Paid-in Capital	Treasury Stock		Noncontrolling interest	Total Stockholders' Equity (Deficit)
	Shares	Amount					Shares	Amount		
Balance at January 1, 2022	—	\$—	\$ (4,104)	\$13,639	\$ 34	\$ —	—	\$—	\$ 3,565	\$13,134
Net income (loss)	—	—	—	908	—	—	—	—	210	1,118
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	(5)	(5)
Share-based compensation	—	—	187	—	—	—	—	—	39	226
Exercise of options and RSU vestings in period	—	—	(70)	—	—	—	—	—	77	7
Withholding taxes on net share settlements of share-based compensation	—	—	(118)	—	—	—	—	—	—	(118)
Transactions with Former Parent, net (Note 14)	—	—	(1,043)	—	—	—	—	—	—	(1,043)
Shares repurchased	—	—	(173)	—	—	—	—	—	(467)	(640)
Dividends paid	—	—	—	—	—	—	—	—	(249)	(249)
Other, net	—	—	(47)	20	—	—	—	—	(32)	(59)
Balance at December 31, 2022	—	\$—	\$ (5,368)	\$14,567	\$ 34	\$ —	—	\$—	\$ 3,138	\$12,371
Net income (loss)	—	—	—	786	—	—	—	—	202	988
Other comprehensive income (loss)	—	—	—	—	(27)	—	—	—	2	(25)
Share-based compensation	—	—	187	—	—	—	—	—	34	221
Exercise of options and RSU vestings in period	—	—	(60)	—	—	—	—	—	65	5
Withholding taxes on net share settlements of share-based compensation	—	—	(64)	—	—	—	—	—	—	(64)
Transactions with Former Parent, net (Note 14)	—	—	(3)	—	—	—	—	—	—	(3)
Shares repurchased	—	—	45	—	—	—	—	—	(319)	(274)
Dividends paid	—	—	—	—	—	—	—	—	(65)	(65)
Other, net	—	—	(21)	—	—	—	—	—	(31)	(52)
Balance at December 31, 2023	—	\$—	\$ (5,284)	\$15,353	\$ 7	\$ —	—	\$—	\$ 3,026	\$13,102
Net income (loss)	—	—	—	(1,665)	—	—	—	—	(410)	(2,075)
Change in accounting method	—	—	—	(1)	—	—	—	—	—	(1)
Other comprehensive income (loss)	—	—	—	—	(53)	—	—	—	(3)	(56)
Share-based compensation	—	—	131	15	—	53	—	—	24	223
Exercise of options and RSU vestings in period	—	—	(55)	—	—	—	—	—	55	—
Withholding taxes on net share settlements of share-based compensation	—	—	(39)	—	—	(6)	—	—	—	(45)
Dividends paid	—	—	—	(45)	—	(47)	—	—	(51)	(143)
Tax sharing adjustment with Former Parent	—	—	82	—	—	—	—	—	—	82
Other, net	—	—	(3)	(3)	—	—	—	—	—	(6)
Change in capitalization in connection with the Split-Off	339	—	5,168	(2,527)	—	—	—	—	(2,641)	—
Shares Repurchased	—	—	—	—	—	—	—	(7)	—	(7)
Shares Retired	—	—	—	(6)	—	—	—	6	—	—
Balance at December 31, 2024	339	\$—	\$ —	\$11,121	\$(46)	\$ —	—	\$ (1)	\$ —	\$11,074

See accompanying notes to the consolidated financial statements.

Sirius XM Holdings Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31,

<i>(in millions)</i>	2024	2023	2022
Cash flows from operating activities:			
Net (loss) income	\$(2,075)	\$ 988	\$ 1,118
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	578	624	611
Non-cash impairment and restructuring costs	3,355	26	65
Non-cash interest expense, net of amortization of premium	24	14	19
Unrealized gains on intergroup interests, net	—	(68)	19
Realized and unrealized (gains) losses on financial instruments, net	(115)	126	(83)
Gain on extinguishment of debt	(12)	—	—
Share of losses of equity method investments, net	116	19	5
Share-based payment expense	200	203	209
Deferred income tax (benefit) expense	(161)	(40)	240
Amortization of right-of-use assets	44	45	49
Other charges, net	46	61	69
Changes in operating assets and liabilities:			
Receivables and other assets	(128)	(148)	(28)
Deferred revenue	(150)	(119)	(149)
Payables and other liabilities	19	98	(163)
Net cash provided by operating activities	1,741	1,829	1,981
Cash flows from investing activities:			
Additions to property and equipment	(728)	(650)	(426)
Cash proceeds from disposition of investments	—	—	66
Acquisition of business, net of cash acquired	—	—	(136)
Other investing activities, net	(242)	(46)	3
Net cash used in investing activities	(970)	(696)	(493)
Cash flows from financing activities:			
Taxes paid from net share settlements for stock-based compensation	(44)	(64)	(147)
Revolving credit facility borrowings	2,105	1,670	2,300
Revolving credit facility repayments	(2,105)	(1,750)	(2,220)
Proceeds from long-term borrowings, net of costs	1,100	1,011	600
Repayments of long-term borrowings	(1,809)	(2,032)	(419)
Settlement of intergroup interests	—	273	78
Common stock repurchased and retired	(6)	(274)	(647)
Dividends paid	(143)	(65)	(249)
Transactions with Parent, net (Note 14)	—	—	(1,043)
Other financing activities, net	(14)	43	23
Net cash used in financing activities	(916)	(1,188)	(1,724)
Net decrease in cash, cash equivalents and restricted cash	(145)	(55)	(236)
Cash, cash equivalents and restricted cash at beginning of period ⁽¹⁾	315	370	606
Cash, cash equivalents and restricted cash at end of period ⁽¹⁾	\$ 170	\$ 315	\$ 370

See accompanying notes to the consolidated financial statements.

Sirius XM Holdings Inc. and Subsidiaries

Consolidated Statements of Cash Flows—(Continued)

	For the Years Ended December 31,		
<i>(in millions)</i>	2024	2023	2022
Supplemental Disclosure of Cash and Non-Cash Flow Information			
Cash paid during the period for:			
Interest, net of amounts capitalized	\$473	\$507	\$487
Income taxes paid	\$218	\$165	\$136
Non-cash investing and financing activities:			
Finance lease obligations incurred to acquire assets	\$ —	\$ 8	\$ 14
Settlement of debt obligations incurred to acquire assets	\$ —	\$ 61	\$ —
Tax equity investments	\$722	\$ —	\$ —

- (1) The following table reconciles cash, cash equivalents and restricted cash per the statement of cash flows to the balance sheet. The restricted cash balances are primarily due to letters of credit which have been issued to the landlords of leased office space. The terms of the letters of credit primarily extend beyond one year.

	As of December 31,		
<i>(in millions)</i>	2024	2023	2022
Cash and cash equivalents	\$162	\$306	\$362
Restricted cash included in Other long-term assets	8	9	8
Total cash, cash equivalents and restricted cash at end of period	\$170	\$315	\$370

See accompanying notes to the consolidated financial statements.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in millions, except per share amounts or otherwise stated)

(1) BUSINESS & BASIS OF PRESENTATION

Liberty Media Transactions

Sirius XM Holdings Inc., the reporting company under this Annual Report, is the product of a series of transactions that closed on Monday, September 9, 2024.

On September 9, 2024 at 4:05 p.m., New York City time, Liberty Media Corporation (“Liberty Media” or “Former Parent”) completed its previously announced split-off (the “Split-Off”) of its former wholly owned subsidiary, Liberty Sirius XM Holdings Inc. (“SplitCo”). The Split-Off was accomplished by Liberty Media redeeming each outstanding share of Liberty Media’s Series A, Series B and Series C Liberty SiriusXM common stock, par value \$0.01 per share, in exchange for 0.8375 of a share of SplitCo common stock, par value \$0.001 per share (the “Redemption”), with cash being paid to entitled record holders of Liberty SiriusXM common stock in lieu of any fractional shares of common stock of SplitCo.

Following the Split-Off, on September 9, 2024 at 6:00 p.m., New York City time (the “Merger Effective Time”), a wholly owned subsidiary of SplitCo merged with and into Sirius XM Holdings Inc. (“Old Sirius”), with Old Sirius surviving the merger as a wholly owned subsidiary of SplitCo (the “Merger” and together with the Split-Off, the “Transactions”). Upon consummation of the Merger, each share of common stock of Old Sirius, par value \$0.001 per share, issued and outstanding immediately prior to the Merger Effective Time (other than shares owned by SplitCo and its subsidiaries) was converted into one-tenth (0.1) of a share of SplitCo common stock, with cash being paid to entitled record holders of Old Sirius common stock in lieu of any fractional shares of common stock of SplitCo.

At the Merger Effective Time, Old Sirius was renamed “Sirius XM Inc.” and SplitCo was renamed “Sirius XM Holdings Inc.” In connection with the Transactions and by operation of Rule 12g-3(a) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), SplitCo became the successor issuer to Old Sirius and succeeded to the attributes of Old Sirius as the registrant, including Old Sirius’s Commission File Number and CIK number.

The Transactions are intended to generally be tax-free to holders of Liberty SiriusXM common stock and Sirius XM Holdings common stock (except with respect to any cash received by such holders) and the completion of the Transactions was subject to various conditions, including the receipt of opinions of tax counsel.

General

The accompanying audited consolidated financial statements represent a combination of the historical financial information of Old Sirius and the assets and liabilities of SplitCo until the date of the Merger Effective Time. Although SplitCo was reported as a combined company until the Merger Effective Time, all periods reported herein are referred to as consolidated. All significant intercompany accounts and transactions have been eliminated in the audited consolidated financial statements. These consolidated financial statements refer to the combination of Old Sirius and the aforementioned assets and liabilities as “Sirius XM Holdings,” “the Company,” “us,” “we” and “our” in these notes to the consolidated financial statements. “Sirius XM” refers to Sirius XM Holdings’ wholly owned subsidiaries, Sirius XM Inc., Sirius XM Radio LLC and its subsidiaries other than Pandora. “Pandora” refers to Sirius XM’s wholly owned subsidiary Pandora Media, LLC and its subsidiaries. The Split-Off is being accounted for at historical cost due to the pro rata nature of the distribution to holders of SplitCo common stock.

The accompanying consolidated financial statements have been derived from audited financial statements and have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). All significant intercompany transactions have been eliminated in consolidation.

Public companies are required to disclose certain information about their reportable operating segments. Operating segments are defined as significant components of an enterprise for which separate financial information is available and is evaluated on a regular basis by the chief operating decision maker in deciding how to allocate resources to an individual segment and in assessing performance of the segment. We have

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

determined that we have two reportable segments as our chief operating decision maker, who is the Chief Executive Officer of Sirius XM Holdings, assesses performance and allocates resources based on the financial results of these segments. Refer to Note 18 for information related to our segments.

We have evaluated events subsequent to the balance sheet date and prior to the filing of this Annual Report and have determined that no events have occurred that would require adjustment to our audited consolidated financial statements. For a discussion of subsequent events that do not require adjustment to our consolidated financial statements refer to Note 19.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Estimates, by their nature, are based on judgment and available information. Actual results could differ materially from those estimates. Significant estimates inherent in the preparation of the accompanying audited consolidated financial statements include asset impairment, fair value measurement of non-financial instruments, depreciable lives of our satellites, share-based payment expense and income taxes.

Business

Sirius XM Holdings operates two complementary audio entertainment businesses—one of which it refers to as “Sirius XM” and the second of which it refers to as “Pandora and Off-platform”.

Sirius XM

The Sirius XM business features music, sports, entertainment, comedy, talk, and news channels and other content, as well as podcasts and infotainment services, in the United States on a subscription fee basis. Sirius XM packages include live, curated and certain exclusive and on demand programming. The Sirius XM service is distributed through Sirius XM’s two proprietary satellite radio systems and streamed via applications for mobile devices, home devices and other consumer electronic equipment. Satellite radios are primarily distributed through automakers, retailers and Sirius XM’s website. The Sirius XM service is also available through an in-car user interface, called “360L”, that combines Sirius XM’s satellite and streaming services into a single, cohesive in-vehicle entertainment experience.

The primary source of revenue from the Sirius XM business is subscription fees, with most of its customers subscribing to monthly or annual plans. SiriusXM also derives revenue from advertising on select non-music channels, which is sold under the SiriusXM Media brand, direct sales of satellite radios and accessories, and other ancillary services. As of December 31, 2024, the SiriusXM business had approximately 33.2 million subscribers.

In addition to the audio entertainment businesses, Sirius XM Holdings provides connected vehicle services to several automakers. These services are designed to enhance the safety, security and driving experience of consumers. Sirius XM Holdings also offers a suite of data services that includes graphical weather and fuel prices, a traffic information service, and real-time weather services in boats and airplanes.

Sirius XM holds a 70% equity interest and 33% voting interest in Sirius XM Canada Holdings Inc. (“Sirius XM Canada”). Sirius XM Canada’s subscribers are not included in SiriusXM’s subscriber count or subscriber-based operating metrics.

Pandora and Off-platform

The Pandora and Off-platform business operates a music, comedy and podcast streaming discovery platform, offering a personalized experience for each listener wherever and whenever they want to listen, whether through mobile devices, vehicle speakers or connected devices. Pandora enables listeners to create personalized stations and playlists, discover new content, hear artist- and expert-curated playlists, podcasts as well as search and play songs and albums on-demand. Pandora is available as (1) an ad-supported radio service, (2) a radio subscription service (Pandora Plus) and (3) an on-demand subscription service (Pandora Premium). As of December 31, 2024, Pandora had approximately 5.8 million subscribers.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

The majority of revenue from Pandora is generated from advertising on Pandora’s ad-supported radio service which is sold under the SiriusXM Media brand. Pandora also derives subscription revenue from its Pandora Plus and Pandora Premium subscribers.

SiriusXM also sells advertising on other audio platforms and in widely distributed podcasts, which it considers to be off-platform services. SiriusXM has an arrangement with SoundCloud Holdings, LLC (“SoundCloud”) to be its exclusive ad sales representative in the US and certain European countries and offer advertisers the ability to execute campaigns across the Pandora and SoundCloud platforms. It also has arrangements to serve as the ad sales representative for certain podcasts. In addition, through AdsWizz Inc., SiriusXM provides a comprehensive digital audio and programmatic advertising technology platform, which connects audio publishers and advertisers with a variety of ad insertion, campaign trafficking, yield optimization, programmatic buying, marketplace and podcast monetization solutions.

Effects of the Transactions

Prior to the closing of the Transactions, a portion of Liberty Media’s general and administrative expenses, including certain legal, tax, accounting, treasury and investor relations support of \$15 and \$32 for the years ended December 31, 2024 and 2023, respectively, were allocated to SplitCo and are included in General and administrative in the audited consolidated statements of operations. In addition, during the years ended December 31, 2024 and 2023, we incurred costs related to the Transactions of \$71 and \$16, respectively, which were recorded to Impairment, restructuring and other costs in our audited consolidated statements of operations.

Following the closing of the Transactions, Liberty Media and Sirius XM Holdings operate as separate, publicly traded companies, and neither has any continuing stock ownership, beneficial or otherwise, in the other. In connection with the Transactions, Liberty Media and Sirius XM Holdings entered into certain agreements, including a tax sharing agreement, governing the relationship between the two companies. Refer to Note 17 for more information regarding the tax sharing agreement.

Reclasses

Certain prior period amounts have been reclassified for comparability with the current year presentation.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In addition to the significant accounting policies discussed in this Note 2, the following table includes our significant accounting policies that are described in other notes to our consolidated financial statements, including the number and page of the note:

Significant Accounting Policy	Note #	Page #
Acquisitions	3	F-17
Fair Value Measurements	4	F-18
Goodwill	8	F-20
Intangible Assets	9	F-21
Property and Equipment	10	F-22
Equity Method Investments	12	F-25
Share-Based Compensation	15	F-33
Legal Reserves	16	F-38
Income Taxes	17	F-41

Cash and Cash Equivalents

Our cash and cash equivalents consist of cash on hand, money market funds, certificates of deposit, in-transit credit card receipts and highly liquid investments purchased with an original maturity of three months or less.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Revenue Recognition

Revenue is measured according to Accounting Standards Codification (“ASC”) 606, *Revenue—Revenue from Contracts with Customers*, and is recognized based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. We recognize revenue when we satisfy a performance obligation by transferring control over a service or product to a customer. We report revenues net of any tax assessed by a governmental authority that is both imposed on, and concurrent with, a specific revenue-producing transaction between a seller and a customer in our consolidated statements of operations. Collected taxes are recorded within Other current liabilities until remitted to the relevant taxing authority. For equipment sales, we are responsible for arranging for shipping and handling. Shipping and handling costs billed to customers are recorded as revenue and are reported as a component of Cost of equipment.

The following is a description of the principal activities from which we generate our revenue, including from self-pay and paid promotional subscribers, advertising, and sales of equipment.

Subscriber revenue consists primarily of subscription fees and other ancillary subscription based revenues. Revenue is recognized on a straight line basis when the performance obligations to provide each service for the period are satisfied, which is over time as our subscription services are continuously transmitted and can be consumed by customers at any time. Consumers purchasing or leasing a vehicle with a factory-installed satellite radio may receive between a three and twelve month subscription to our service. In certain cases, the subscription fees for these consumers are prepaid by the applicable automaker. Prepaid subscription fees received from automakers or directly from consumers are recorded as deferred revenue and amortized to revenue ratably over the service period which commences upon sale. Activation fees are recognized over one month as the activation fees are non-refundable and do not provide for a material right to the customer. There is no revenue recognized for unpaid trial subscriptions. In some cases we pay a loyalty fee to the automakers when we receive a certain amount of payments from self-pay customers acquired from that automaker. These fees are considered incremental costs to obtain a contract and are, therefore, recognized as an asset and amortized to Subscriber acquisition costs over an average subscriber life. Revenue share and loyalty fees paid to an automaker offering a paid trial are accounted for as a reduction of revenue as the payment does not provide a distinct good or service.

Music royalty fee primarily consists of U.S. music royalty fees (“MRF”) collected from subscribers. The related costs we incur for the right to broadcast music and other programming are recorded as Revenue share and royalties expense. Fees received from subscribers for the MRF are recorded as deferred revenue and amortized to Subscriber revenue ratably over the service period.

We recognize revenue from the sale of advertising as performance obligations are satisfied, which generally occurs as ads are delivered. For our satellite radio service, ads are delivered when they are aired. For our streaming services, ads are delivered primarily based on impressions. Agency fees are calculated based on a stated percentage applied to gross billing revenue for our advertising inventory and are reported as a reduction of advertising revenue. Additionally, we pay certain third parties a percentage of advertising revenue. Advertising revenue is recorded gross of such revenue share payments as we control the advertising service, including the ability to establish pricing, and we are primarily responsible for providing the service. Advertising revenue share payments are recorded to Revenue share and royalties during the period in which the advertising is transmitted.

Equipment revenue and royalties from the sale of satellite radios, components and accessories are recognized upon shipment, net of discounts and rebates. Shipping and handling costs billed to customers are recorded as revenue. Shipping and handling costs associated with shipping goods to customers are reported as a component of Cost of equipment. Other revenue primarily includes revenue recognized from royalties received from Sirius XM Canada.

Customers pay for the services in advance of the performance obligation and therefore these prepayments are recorded as deferred revenue. The deferred revenue is recognized as revenue in our consolidated statement of

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

operations as the services are provided. Changes in the deferred revenue balance during the year ended December 31, 2024 were not materially impacted by other factors.

As the majority of our contracts are one year or less, we have utilized the optional exemption under ASC 606-10-50-14 and do not disclose information about the remaining performance obligations for contracts which have original expected durations of one year or less. As of December 31, 2024, less than seven percent of our total deferred revenue balance related to contracts that extend beyond one year. These contracts primarily include prepaid data trials, which are typically provided for three to five years, and self-pay customers who prepay for their audio subscriptions for up to three years. These amounts are recognized on a straight-line basis as our services are provided.

Revenue Share

We share a portion of our subscription revenues earned from self-pay subscribers with certain automakers. The terms of the revenue share agreements vary with each automaker, but are typically based upon the earned audio revenue as reported or gross billed audio revenue. Revenue share on self-pay revenue is recognized as an expense and recorded in Revenue share and royalties in our consolidated statements of operations. We also pay revenue share to certain talent on non-music stations on our satellite radio service and to podcast talent based on advertising revenue for the related channel or podcast. Revenue share on non-music channels and podcasts is recognized in Revenue share and royalties in our consolidated statements of operations when it is earned. In some cases, we pay minimum guarantees for revenue share to podcast creators which is recorded in Prepaid and other current assets in our consolidated balance sheets. The minimum guarantee is recognized in Revenue share and royalties primarily on a straight line basis over the contractual term. The prepaid balance is regularly reviewed for recoverability and any amount not deemed to be recoverable is recognized as an expense in the period.

Royalties

In connection with our businesses, we must enter into royalty arrangements with two sets of rights holders: holders of musical compositions copyrights (that is, the music and lyrics) and holders of sound recordings copyrights (that is, the actual recording of a work). Our Sirius XM and Pandora businesses use both statutory and direct music licenses as part of their businesses. We license varying rights—such as performance and mechanical rights—for use in our Sirius XM and Pandora businesses based on the various radio and interactive services they offer. The music rights licensing arrangements for our Sirius XM and Pandora businesses are complex.

Musical Composition Copyrights

We pay performance royalties for our Sirius XM and Pandora businesses to holders and rights administrators of musical compositions copyrights, including performing rights organizations and other copyright owners. These performance royalties are based on agreements with performing rights organizations which represent the holders of these performance rights. Our Sirius XM and Pandora businesses have arrangements with these performance rights organizations. Arrangements with Sirius XM generally include fixed payments during the term of the agreement and arrangements with Pandora for its ad-supported radio service have variable payments based on usage and ownership of a royalty pool.

Pandora must also license reproduction rights, which are also referred to as mechanical rights, to offer the interactive features of the Pandora services. For our Pandora subscription services, copyright holders receive payments for these rights at the rates determined in accordance with the statutory license set forth in Section 115 of the United States Copyright Act. These mechanical royalties are calculated as the greater of a percentage of our revenue or a percentage of our payments to record labels.

Sound Recording Copyrights

For our non-interactive satellite radio or streaming services we may license sound recordings under direct licenses with the owners of sound recordings or based on the royalty rate established by the Copyright Royalty

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Board (“CRB”). For our Sirius XM business, the royalty rate for sound recordings has been set by the CRB. The revenue subject to royalty includes subscription revenue from our U.S. satellite digital audio radio subscribers, and advertising revenue from channels other than those channels that make only incidental performances of sound recordings. The rates and terms permit us to reduce the payment due each month for those sound recordings that are separately licensed and sound recordings that are directly licensed from copyright owners and exclude from our revenue certain other items, such as royalties paid to us for intellectual property, sales and use taxes, bad debt expense and generally revenue attributable to areas of our business that do not involve the use of copyrighted sound recordings.

For our Pandora business, we have entered into direct license agreements with major and independent music labels and distributors for a significant majority of the sound recordings that stream on the Pandora ad-supported service, Pandora Plus and Pandora Premium. For sound recordings that we stream and for which we have not entered into a direct license agreement with the sound recording rights holders, the sound recordings are streamed pursuant to the statutory royalty rates set by the CRB. Pandora pays royalties to owners of sound recordings on either a per-performance fee, based on the number of sound recordings transmitted, or a percentage of revenue associated with the applicable service. Certain of these agreements also require Pandora to pay a per-subscriber minimum amount.

Programming Costs

Programming costs which are for a specified number of events are amortized on an event-by-event basis; programming costs which are for a specified season or include programming through a dedicated channel are amortized over the season or period on a straight-line basis. We allocate a portion of certain programming costs which are related to sponsorship and marketing activities to Sales and marketing expense on a straight-line basis over the term of the agreement.

Advertising Costs

Media is expensed when aired and advertising production costs are expensed as incurred. Advertising production costs include expenses related to marketing and retention activities, including expenses related to direct mail, outbound telemarketing and email communications. We also incur advertising production costs related to cooperative marketing and promotional events and sponsorships. During the years ended December 31, 2024, 2023 and 2022, we recorded advertising costs of \$374, \$421 and \$513, respectively. These costs are reflected in Sales and marketing expense in our audited consolidated statements of operations.

Subscriber Acquisition Costs

Subscriber acquisition costs consist of costs incurred to acquire new subscribers which include hardware subsidies paid to radio manufacturers, distributors and automakers, including subsidies paid to automakers who include a satellite radio and a prepaid subscription to our service in the sale or lease price of a new vehicle; subsidies paid for chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; commissions paid to retailers and automakers as incentives to purchase, install and activate radios; product warranty obligations; freight; and provisions for inventory allowance attributable to inventory consumed in our automotive and retail distribution channels. Subscriber acquisition costs do not include advertising costs, loyalty payments to distributors and dealers of radios and revenue share payments to automakers and retailers of radios.

Subsidies paid to radio manufacturers and automakers are expensed upon installation, shipment, receipt of product or activation and are included in Subscriber acquisition costs because we are responsible for providing the service to the customers. Commissions paid to retailers and automakers are expensed upon either the sale or activation of radios. Chipsets that are shipped to radio manufacturers and held on consignment are recorded as inventory and expensed as Subscriber acquisition costs when placed into production by radio manufacturers. Costs for chipsets are expensed as Subscriber acquisition costs when the automaker confirms receipt.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Research & Development Costs

Research and development costs are expensed as incurred and primarily include the cost of new product development, chipset design, software development and engineering. During the years ended December 31, 2024, 2023 and 2022, we recorded research and development costs of \$252, \$276 and \$246, respectively. These costs are reported as a component of Product and technology expense in our audited consolidated statements of operations.

Recent Accounting Pronouncements

Accounting Standard Update (“ASU”) 2023-09, *Improvements to Income Tax Disclosures* (“ASU 2023-09”). In December 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-09, which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are evaluating the disclosure requirements related to the new standard.

ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures*. In November 2024, the FASB issued ASU 2024-03, which requires public business entities to disclose, on an annual and interim basis, disaggregated information about certain income statement expense line items in the notes to the financial statements. Public business entities are required to apply the guidance prospectively and may elect to apply it retrospectively. This ASU is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. We are currently evaluating the effect of adopting this new accounting guidance.

ASU 2024-04, *Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*. In November 2024, the FASB issued ASU 2024-04, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as induced conversions rather than as debt extinguishments. This update is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years, though early adoption is permitted. We do not expect this update to have a material effect on our consolidated financial statements.

Recently Adopted Accounting Policies

In March 2023, the FASB issued ASU 2023-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, which expands the population of investments for which an investor may elect to apply the proportional amortization method. Under this ASU, an investor in a tax equity investment may elect the proportional amortization method for qualifying investments on a tax credit program-by-program basis. We adopted ASU 2023-02 as of January 1, 2024 using the modified retrospective approach.

Adoption of the new standard resulted in the recording of additional Equity method investments, Related party current liabilities, Other Long-term liabilities, Deferred tax liabilities and a cumulative effect adjustment to opening retained earnings. The effects of the changes made to our audited consolidated balance sheet as of January 1, 2024 for the adoption of ASU 2023-02 are included in the table below.

	Balance at December 31, 2023	Adjustments Due to ASU 2023-02	Balance at January 1, 2024
Balance Sheet			
Equity method investments	\$ 715	\$122	\$ 837
Related party current liabilities	\$ 8	\$ 15	\$ 23
Other long-term liabilities	\$ 428	\$109	\$ 537
Deferred tax liabilities	\$ 2,414	\$ (3)	\$ 2,411
Retained earnings	\$15,353	\$ 1	\$15,354

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Accounting Standard Update 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). In November 2023, the FASB issued ASU 2023-07, which is intended to improve reportable segment disclosure requirements, primarily through additional disclosures about significant segment expenses. The standard was effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We adopted this ASU for the annual period ended December 31, 2024 and the amendments have been applied retrospectively to all prior periods presented in the financial statements by expanding the disclosure of expenses included in our segment measures of profitability. Refer to our segments disclosure in Note 18 for more information.

(3) NET (LOSS) INCOME PER SHARE

Basic net (loss) income per common share is calculated by dividing the (loss) income available to common stockholders by the weighted average common shares outstanding during each reporting period. Diluted net (loss) income per common share adjusts the weighted average number of common shares outstanding for the potential dilution that could occur if common stock equivalents (stock options, restricted stock units and convertible debt) were exercised or converted into common stock, calculated using the treasury stock method. We had no participating securities during the years ended December 31, 2024, 2023 and 2022.

In calculating basic net (loss) income per common share, we used 339 and 347 common shares for the years ended December 31, 2023 and 2022, respectively, which was the weighted average number of shares of Liberty Media’s Series A, Series B, and Series C Liberty SiriusXM common stock and Old Sirius’s common stock as converted by the Redemption and Merger exchange ratios, respectively, as no SplitCo shares were outstanding during that period. In calculating diluted net (loss) income per common share, we used 362 and 368 of diluted common shares for the years ended December 31, 2023 and 2022, respectively, which was the weighted average number of shares of Liberty Media’s Series A, Series B, and Series C Liberty SiriusXM common stock and Old Sirius’s common stock adjusted for the impact of dilutive instruments as converted by the Redemption and Merger exchange ratios, respectively, as no SplitCo shares were outstanding during that period.

Common stock equivalents of 47, 37 and 30 for the years ended December 31, 2024, 2023 and 2022, respectively, were excluded from the calculation of diluted net income per common share as the effect would have been anti-dilutive.

	For the Years Ended December 31,		
	2024	2023	2022
Numerator:			
Net (loss) income available to common stockholders for basic net (loss) income per common share	\$(1,665)	\$ 786	\$ 908
Net (loss) income attributable to noncontrolling interest	(410)	202	210
Total net (loss) income	(2,075)	988	1,118
Effect of assumed conversions of convertible notes, net of tax	—	13	(27)
Net (loss) income available to common stockholders for dilutive net (loss) income per common share	\$(2,075)	\$1,001	\$1,091
Denominator:			
Weighted average common shares outstanding for basic net (loss) income per common share	338	339	347
Weighted average impact of assumed convertible and exchangeable notes	—	21	17
Weighted average impact of dilutive equity instruments	—	2	4
Weighted average shares for diluted net (loss) income per common share	338	362	368
Net (loss) income per common share:			
Basic	\$ (6.14)	\$ 2.91	\$ 3.22
Diluted	\$ (6.14)	\$ 2.77	\$ 2.96

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

(4) ACQUISITIONS

On May 20, 2022, we completed an acquisition for total cash consideration of \$93. We recognized goodwill of \$69, indefinite-lived intangible assets of \$1 and other assets of \$23. The other assets represent acquired content which will be amortized over its estimated useful life to Programming and content in our audited consolidated statements of operations.

On January 12, 2022, we completed an acquisition for total cash consideration of \$43. We recognized goodwill of \$29, other definite-lived intangible assets of \$19 and liabilities of \$4.

There were no acquisition related costs recognized for the years ended December 31, 2024 and 2023. Acquisition related costs for the year ended December 31, 2022 was \$2.

(5) FAIR VALUE MEASUREMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants. As of December 31, 2024 and December 31, 2023, the carrying amounts of cash and cash equivalents, receivables, and accounts payable approximated fair value due to the short-term nature of these instruments. Due to the variable rate nature of the Credit Facility (including the Incremental Term Loan) and Margin Loan, each as defined in Note 13, we believe that the carrying amount approximated fair value at December 31, 2024 and December 31, 2023. Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for input into valuation techniques as follows:

- i. Level 1 input: unadjusted quoted prices in active markets for identical instrument;
- ii. Level 2 input: observable market data for the same or similar instrument but not Level 1, including quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- iii. Level 3 input: unobservable inputs developed using management’s assumptions about the inputs used for pricing the asset or liability.

Our assets and liabilities measured at fair value were as follows:

	December 31, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents	\$ 1	\$ —	\$—	\$ 1	\$266	\$ —	\$—	\$ 266
Financial instruments ^(a)	\$60	\$ —	\$—	\$ 60	\$ 53	\$ —	\$—	\$ 53
Debt ^(b)	\$—	\$594	\$—	\$594	\$ —	\$1,262	\$—	\$1,262

(a) Level 1 financial instrument assets are comprised of our deferred compensation plan assets. Refer to Note 15 for additional discussion.

(b) The fair values of the Exchangeable Notes and Convertible Notes are based on quoted market prices but are not considered to be traded on “active markets,” as defined by GAAP. Refer to Note 13 for additional discussion related to our debt.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Realized and Unrealized Gains (Losses) on Financial Instruments, net

Realized and unrealized gains (losses) on financial instruments, net, are comprised of changes in the fair value of the following and are included in Other income, net, on the audited consolidated statements of operations:

	Years Ended December 31,		
	2024	2023	2022
Equity securities	\$ —	\$ (15)	\$ —
Debt measured at fair value ^(a)	115	(5)	329
Change in fair value of bond hedges	—	(114)	(236)
Other	—	8	(10)
Total	\$115	\$(126)	\$ 83

(a) We elected to account for the Exchangeable Notes and Convertible Notes using the fair value option. The Exchangeable Notes and the Convertible Notes were the obligations of Sirius XM Holdings. Sirius XM was not an obligor or guarantor of either the Exchangeable Notes or the Convertible Notes. Changes in the fair value of the Exchangeable Notes and Convertible Notes recognized in the audited consolidated statements of operations are primarily due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable or convertible. We isolate the portion of the unrealized gain (loss) attributable to changes in the instrument specific credit risk and recognizes such amount in other comprehensive earnings (loss). The change in the fair value of the Exchangeable Notes and Convertible Notes attributable to changes in the instrument specific credit risk was a loss of \$27, loss of \$6, and gain of \$36 for the years ended December 31, 2024, 2023 and 2022, respectively. During the years ended December 31, 2024, 2023 and 2022 we recognized \$12, \$46, and \$7, respectively, of previously unrecognized gains related to the retirement of a portion of Liberty Media's 1.375% Cash Convertible Senior Notes due 2023, Liberty Media's 2.125% Exchangeable Senior Debentures due 2048 and our 2.75% Exchangeable Senior Debentures due 2049, which was recognized through Other income, net in the audited consolidated statements of operations. The cumulative change since issuance was a loss of \$10 as of December 31, 2024, net of the recognition of previously unrecognized gains and losses.

(6) IMPAIRMENT, RESTRUCTURING AND OTHER COSTS

During the year ended December 31, 2024, impairment, restructuring and other costs were \$3,453 which consisted of impairment charges of \$3,355 primarily related to impairments of goodwill and equity method investments, costs associated with the Transactions of \$71, and a charge of \$27 associated with severance and other restructuring costs. Refer to Notes 8 and 12 for more information on the goodwill and equity method investment impairment charges, respectively.

During the year ended December 31, 2023, impairment, restructuring and other costs were \$92 which consisted of a charge of \$34 primarily related to severance and other related costs, costs associated with the Transactions of \$26, impairments primarily related to terminated software projects of \$15, vacated office space impairments of \$12, accrued expenses of \$3 for which we will not recognize any future economic benefit, and a cost-method investment impairment of \$2. The restructuring and related impairment charges were recorded to Impairment, restructuring and other costs in our audited consolidated statements of operations.

During the year ended December 31, 2022, impairment, restructuring and other costs were \$68 which consisted of an impairment of \$43 associated with terminated software projects, \$16 related to certain vacated office spaces, \$5 in connection with furniture and equipment located at the impaired office spaces, and \$6 related to personnel severance as well as acquisition related costs of \$2, partially offset by \$4 from a gain on sale of real estate. The restructuring and related impairment charges were recorded to Impairment, restructuring and other costs in our audited consolidated statements of operations.

(7) RECEIVABLES, NET

Receivables, net, includes customer accounts receivable, receivables from distributors and other receivables. No single customer accounts for more than ten percent of our total receivables.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Customer accounts receivable, net, includes receivables from our subscribers and advertising customers, including advertising agencies and other customers, and is stated at amounts due, net of an allowance for doubtful accounts. Our allowance for doubtful accounts is based upon our assessment of various factors. We consider historical experience, the age of the receivable balances, current economic conditions, industry experience and other factors that may affect the counterparty's ability to pay. Bad debt expense is included in Customer service and billing expense in our audited consolidated statements of operations.

Receivables from distributors primarily include billed and unbilled amounts due from automakers for services included in the sale or lease price of vehicles, as well as billed amounts due from wholesale distributors of our satellite radios. Other receivables primarily include amounts due from manufacturers of our radios, modules and chipsets where we are entitled to subsidies and royalties based on the number of units produced. We have not established an allowance for doubtful accounts for our receivables from distributors or other receivables as we have historically not experienced any significant collection issues with automakers or other third parties and do not expect issues in the foreseeable future.

Receivables, net, consists of the following:

	December 31, 2024	December 31, 2023
Gross customer accounts receivable	\$606	\$631
Allowance for doubtful accounts	(10)	(15)
Customer accounts receivable, net	\$596	\$616
Receivables from distributors	56	56
Other receivables	24	37
Total receivables, net	\$676	\$709

(8) GOODWILL

Goodwill represents the excess of the purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired in business combinations. Our annual impairment assessment of our two reporting units is performed as of the fourth quarter of each year, and an assessment is performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. ASC 350, *Intangibles—Goodwill and Other*, states that an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

In connection with the close of the Transactions our market capitalization sustained a decrease during the third quarter of 2024 and we concluded that, in accordance with ASC 350, a triggering event occurred indicating that a potential impairment exists, which required us to conduct an interim test of the fair value of the goodwill for the Sirius XM and Pandora and Off-platform reporting units. In accordance with ASC 350, we performed a quantitative goodwill impairment test and determined the fair value of our reporting units using a combination of an income approach, employing a discounted cash flow model, and a market approach, employing a guideline public company approach. The discounted cash flow model, which estimates fair value based on the present value of future cash flows, requires us to make various assumptions regarding the timing and amount of these cash flows, including growth rates, operating margins and capital expenditures for a projection period, plus the terminal value of the business at the end of the projection period. The terminal value is estimated using a long-term growth rate, which is based on expected trends and projections. A discount rate is determined for the reporting unit based on the risks of achieving the future cash flows, including risks applicable to the industry and market as a whole, as well as the capital structure of comparable entities. The results of our goodwill impairment test indicated that the estimated fair value of the Pandora reporting unit exceeded its carrying amount, whereas the carrying amount of the Sirius XM reporting unit exceeded its estimated fair value. As a result, we recorded a goodwill impairment charge of \$2,819 during 2024 to write down the carrying amount of the Sirius XM goodwill in the Impairment, restructuring and other costs line item in our audited consolidated statements of operations. As of

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

December 31, 2024, the cumulative balance of goodwill impairments recorded was \$3,775, \$2,819 of which was recognized during 2024 and is included in the carrying amount of the goodwill allocated to our Sirius XM reporting unit and \$956 of which was recognized during the year ended December 31, 2020 and is included in the carrying amount of the goodwill allocated to our Pandora and Off-platform reporting unit.

As of December 31, 2024, the carrying amount of goodwill for our Sirius XM and Pandora and Off-platform reporting units was \$11,431 and \$959, respectively, and as of December 31, 2023, the carrying amount of goodwill for our Sirius XM and Pandora and Off-platform reporting units was \$14,250 and \$959, respectively. No impairment losses were recorded for goodwill during the years ended December 31, 2023 and 2022.

Refer to the table below for our goodwill activity for the years ended December 31, 2024 and December 31, 2023:

	Sirius XM	Pandora and Off-platform	Total
Balance at January 1, 2023	\$14,250	\$959	\$15,209
Acquisition	—	—	—
Impairment charge	—	—	—
Balance at December 31, 2023	14,250	959	15,209
Acquisition	—	—	—
Impairment	(2,819)	—	(2,819)
Balance at December 31, 2024	\$11,431	\$959	\$12,390

(9) INTANGIBLE ASSETS

Our intangible assets include the following:

	Weighted Average Useful Lives	December 31, 2024			December 31, 2023		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Recorded to Sirius XM Reporting Unit:							
Indefinite life intangible assets:							
FCC licenses	Indefinite	\$ 8,610	\$ —	\$ 8,610	\$ 8,600	\$ —	\$ 8,600
Trademarks	Indefinite	930	—	930	930	—	930
Definite life intangible assets:							
Customer relationships	15 years	570	(456)	114	570	(418)	152
OEM relationships	15 years	220	(164)	56	220	(149)	71
Licensing agreements	15 years	285	(245)	40	285	(228)	57
Software and technology	7 years	28	(23)	5	28	(22)	6
Due to Acquisitions recorded to Pandora and Off-platform Reporting Unit:							
Indefinite life intangible assets:							
Trademarks	Indefinite	312	—	312	312	—	312
Definite life intangible assets:							
Customer relationships	8 years	442	(331)	111	442	(279)	163
Software and technology	5 years	391	(380)	11	391	(372)	19
Total intangible assets		\$11,788	\$(1,599)	\$10,189	\$11,778	\$(1,468)	\$10,310

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Indefinite Life Intangible Assets

We have identified our Federal Communications Commission (“FCC”) licenses and XM and Pandora trademarks as indefinite life intangible assets after considering the expected use of the assets, the regulatory and economic environment within which they are used and the effects of obsolescence on their use.

We hold FCC licenses to operate our satellite digital audio radio service and provide ancillary services. Each of the FCC licenses authorizes us to use radio spectrum, a reusable resource that does not deplete or exhaust over time.

Our annual impairment assessment of our identifiable indefinite lived intangible assets is performed as of the fourth quarter of each year. An assessment is performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value. If the carrying value of the intangible assets exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. As a result of the Sirius XM goodwill impairment discussed in Note 8, we evaluated our FCC licenses, Sirius XM trademark, and Pandora trademark for impairment using a quantitative assessment during the quarter ended September 30, 2024. The results of the assessment indicated that the estimated fair values for these indefinite-lived assets exceeded their carrying values and no impairment loss was recognized for intangible assets with indefinite lives during the years ended December 31, 2024, 2023 and 2022.

Definite Life Intangible Assets

Definite-lived intangible assets are amortized over their respective estimated useful lives to their estimated residual values, in a pattern that reflects when the economic benefits will be consumed, and are reviewed for impairment under the provisions of ASC 360-10-35, *Property, Plant and Equipment/Overall/ Subsequent Measurement*. We review intangible assets subject to amortization for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the carrying amount of the asset exceeds its fair value.

Amortization expense for all definite life intangible assets was \$133, \$199 and \$212 for the years ended December 31, 2024, 2023 and 2022, respectively. There were no retirements or impairments of definite lived intangible assets during the year ended December 31, 2024. There were retirements of definite lived intangible assets of \$44 and we recognized a related impairment loss of \$1 during year ended December 31, 2023. There were no retirements or impairments of definite lived intangible assets during the year ended December 31, 2022.

The expected amortization expense for each of the fiscal years 2025 through 2029 and for periods thereafter is as follows:

Years ending December 31,	Amount
2025	\$124
2026	123
2027	75
2028	15
2029	—
Thereafter	—
Total definite life intangible assets, net	\$337

(10) PROPERTY AND EQUIPMENT

Property and equipment, including satellites, are stated at cost, less accumulated depreciation. Equipment under leases is stated at the present value of minimum lease payments. Depreciation is calculated using the straight-line method over the following estimated useful life of the asset:

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Satellite system	15 years
Capitalized software and hardware	2–7 years
Other ^(a)	3–30 years

(a) Includes leasehold improvements which are depreciated over the lesser of useful life or remaining lease term.

We review long-lived assets, such as property and equipment, for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds the estimated future cash flows, an impairment charge is recognized in an amount by which the carrying amount exceeds the fair value of the asset. During the year ended December 31, 2024, we retired property and equipment of \$25, and recorded related impairment charges of \$1 primarily related to terminated software projects. During the year ended December 31, 2023, we retired property and equipment of \$289 primarily related to the retirement of our XM-4 satellite and recorded related impairment charges of \$14 primarily related to terminated software projects. During the year ended December 31, 2022, we recorded impairment charges of \$48 related to the write off of terminated software projects and fixed assets in connection with furniture and equipment located at impaired office spaces. Refer to the Note 6 for more information.

Property and equipment, net, consists of the following:

	December 31, 2024	December 31, 2023
Satellite system	\$ 1,598	\$ 1,598
Capitalized software and hardware	2,429	2,178
Construction in progress	988	538
Other	718	627
Total property and equipment	5,733	4,941
Accumulated depreciation	(3,624)	(3,150)
Property and equipment, net	\$ 2,109	\$ 1,791

Construction in progress consists of the following:

	December 31, 2024	December 31, 2023
Satellite system	\$751	\$490
Capitalized software and hardware	197	17
Other	40	31
Construction in progress	\$988	\$538

Depreciation and amortization expense on property and equipment was \$445, \$425 and \$399 for the years ended December 31, 2024, 2023 and 2022, respectively. In addition to the property and equipment impaired above, we sold real estate during the year ended December 31, 2022 for net proceeds of \$15 resulting in a gain of \$4 which has been recorded to Impairment, restructuring and acquisition costs line item in our audited consolidated statements of operations.

We capitalize a portion of the interest on funds borrowed to finance the construction and launch of our satellites. Capitalized interest is recorded as part of the asset's cost and depreciated over the satellite's useful life. Capitalized interest costs were \$27, \$16 and \$5 for the years ended December 31, 2024, 2023 and 2022, respectively, which related to the construction of our SXM-9, SXM-10, SXM-11 and SXM-12 satellites. We also capitalize a portion of share-based compensation related to employee time for capitalized software projects. Capitalized share-based compensation costs were \$28, \$18 and \$16 for the years ended December 31, 2024, 2023 and 2022, respectively.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Satellites

As of December 31, 2024, we operated a fleet of five satellites. Each satellite requires an FCC license, and prior to the expiration of each license, we are required to apply for a renewal of the FCC satellite license. The renewal and extension of our licenses is reasonably certain at minimal cost, which is expensed as incurred. The chart below provides certain information on our satellites as of December 31, 2024:

Satellite Description	Year Delivered	Estimated End of Depreciable Life	FCC License Expiration Year
SIRIUS FM-5	2009	2024	2025
SIRIUS FM-6	2013	2028	2030
XM-3	2005	2020	2026
XM-5	2010	2025	2026
SXM-8	2021	2036	2029

On December 5, 2024, our SXM-9 satellite was successfully launched and has completed in-orbit testing. Our SXM-9 satellite will replace our SXM-8 satellite in the XM constellation, with SXM-8 becoming an in-orbit spare.

During 2023, we removed our XM-4 satellite from service and in October 2023 we completed the de-orbiting and decommissioning of the satellite. Our XM-3 satellite remains available as an in-orbit spare.

(11) LEASES

We have operating and finance leases for offices, terrestrial repeaters, data centers and certain equipment. Our leases have remaining lease terms of less than 1 year to 19 years, some of which may include options to extend the leases for up to 5 years, and some of which may include options to terminate the leases within 1 year. We elected the practical expedient to account for the lease and non-lease components as a single component. Additionally, we elected the practical expedient to not recognize right-of-use assets or lease liabilities for short-term leases, which are those leases with a term of twelve months or less at the lease commencement date.

During the years ended December 31, 2024, 2023 and 2022, we ceased using certain leased locations and recorded an impairment charge of \$8, \$12 and \$16, respectively, to write down the carrying value of the right-of-use assets for these locations to their estimated fair values. Refer to Note 5 for additional information.

The components of lease expense were as follows:

	For the Years Ended December 31,	
	2024	2023
Operating lease cost	\$61	\$61
Finance lease cost	6	5
Sublease income	(3)	(3)
Total lease cost	\$64	\$63

Supplemental cash flow information related to leases was as follows:

	For the Years Ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$62	\$77
Financing cash flows from finance leases	\$ 5	\$ 5
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$16	\$16

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Supplemental balance sheet information related to leases was as follows:

	December 31, 2024	December 31, 2023
Operating Leases		
Operating lease right-of-use assets	\$277	\$279
Operating lease current liabilities	48	46
Operating lease liabilities	291	292
Total operating lease liabilities	\$339	\$338

	December 31, 2024	December 31, 2023
Finance Leases		
Property and equipment, gross	\$ 35	\$ 33
Accumulated depreciation	(19)	(12)
Property and equipment, net	\$ 16	\$ 21
Current maturities of debt	\$ 6	\$ 5
Long-term debt	5	10
Total finance lease liabilities	\$ 11	\$ 15

	December 31, 2024	December 31, 2023
Weighted Average Remaining Lease Term		
Operating leases	8 years	7 years
Finance leases	2 years	3 years

	December 31, 2024	December 31, 2023
Weighted Average Discount Rate		
Operating leases	5.2%	5.2%
Finance leases	2.4%	2.3%

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
Year ending December 31,		
2025	\$ 63	\$ 5
2026	67	5
2027	63	1
2028	55	—
2029	53	—
Thereafter	115	—
Total future minimum lease payments	416	11
Less imputed interest	(77)	—
Total	\$339	\$11

(12) RELATED PARTY TRANSACTIONS

In the normal course of business, we enter into transactions with our equity method investments (tax equity investments, Sirius XM Canada and SoundCloud) and our Former Parent which are considered related party transactions.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Tax Equity Investments

We have entered into certain tax-effective clean energy technology investments. We invested \$244 and \$50 during the years ended December 31, 2024 and 2023, respectively, in these clean energy projects. As of January 1, 2024, we adopted ASU 2023-02 using the modified retrospective approach and have accounted for these investments using the proportional amortization method. The unamortized investment balance as of December 31, 2024 was \$881 and was recorded to Equity method investments in our audited consolidated balance sheets. Under the proportional amortization method, the investment balance will be amortized over the term of the investments based on the current period income tax benefits as a proportion to the total expected income tax benefits. We also recorded liabilities of \$735 related to future contractual payments and contingent payments which we determined to be probable, of which \$88 is recorded in Related party current liabilities and the balance is recorded in Other long-term liabilities in our audited consolidated balance sheets.

Sirius XM Canada

Sirius XM holds a 70% equity interest and 33% voting interest in Sirius XM Canada, a privately held corporation. We own 591 shares of preferred stock of Sirius XM Canada, which has a liquidation preference of one Canadian dollar per share.

Sirius XM Canada is accounted for as an equity method investment, and its results are not consolidated in our audited consolidated financial statements. Sirius XM Canada does not meet the requirements for consolidation as we do not have the ability to direct the most significant activities that impact Sirius XM Canada's economic performance.

On March 15, 2022, Sirius XM and Sirius XM Canada entered into an amended and restated services and distribution agreement. Pursuant to the amended and restated services and distribution agreement, the fee payable by Sirius XM Canada to Sirius XM was modified from a fixed percentage of revenue to a variable fee, based on a target operating profit for Sirius XM Canada. Such variable fee is expected to be evaluated annually based on comparable companies. In accordance with the amended and restated services and distribution agreement, the fee is payable on a monthly basis, in arrears, beginning January 1, 2022.

During the year ended December 31, 2024, we evaluated our investment in Sirius XM Canada for impairment and determined that the carrying value of our equity method investment exceeded its fair value. We performed a quantitative impairment test and determined the fair value of our investment using a combination of an income approach, employing a discounted cash flow model, and a market approach, employing a guideline public company approach. The discounted cash flow model relies on making assumptions, such as expected growth in profitability and discount rate, which we believe are appropriate. As a result, we recorded an impairment of our equity method investment in Sirius XM Canada of \$500. This loss from impairment was included in Impairment, restructuring and other costs within our audited consolidated statement of operations for the year ended December 31, 2024.

Our Equity method investments as of December 31, 2024 and December 31, 2023 included the carrying value of our investment balance in Sirius XM Canada of \$89 and \$604, respectively, and, as of each of December 31, 2024 and December 31, 2023, also included \$7 and \$8, respectively, for the long-term value of the outstanding loan to Sirius XM Canada.

We recorded revenue from Sirius XM Canada as Other revenue in our audited consolidated statements of operations of \$99, \$104 and \$111 during the years ended December 31, 2024, 2023 and 2022, respectively.

SoundCloud

In February 2020, we completed a \$75 investment in Series G Membership Units of SoundCloud. The Series G Units are convertible at the option of the holders at any time into shares of ordinary membership units of SoundCloud at a ratio of one ordinary membership unit for each Series G Unit. The investment in SoundCloud is accounted for as an equity method investment as we do not have the ability to direct the most significant activities that impact SoundCloud's economic performance.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Our investment in SoundCloud is recorded in Equity method investments in our audited consolidated balance sheets. Sirius XM has appointed two individuals to serve on SoundCloud's ten-member board of managers.

In addition to our investment in SoundCloud, Pandora has an agreement with SoundCloud to be its exclusive ad sales representative in the US and certain European countries. Through this arrangement, Pandora offers advertisers the ability to execute campaigns across the Pandora and SoundCloud platforms. We recorded revenue share expense related to this agreement of \$59, \$54 and \$55 for the years ended December 31, 2024, 2023 and 2022, respectively. We also had related party liabilities of \$20 as of each of December 31, 2024 and December 31, 2023, related to this agreement.

Former Parent

Liberty Media has one of its advisors and one of its directors on our board of directors. Gregory B. Maffei, an advisor to Liberty Media, is the Chairman of our board of directors. Sirius XM Holdings Inc. is the product of a series of transactions that closed on Monday, September 9, 2024 with its Former Parent. Refer to Note 1 for additional information regarding the Transactions. In connection with the Transactions, we entered into several agreements with Liberty Media and its subsidiaries, including a Reorganization Agreement, an Agreement and Plan of Merger and a new Tax Sharing Agreement. Refer to Note 17 for more information regarding the Tax Sharing Agreement.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

(13) DEBT

Our debt as of December 31, 2024 and December 31, 2023 consisted of the following:

Issuer / Borrower	Issued	Debt	Maturity Date	Interest Payable	Principal	Carrying value ^(a) at	
					Amount at	December 31,	December 31,
					December 31,	December 31,	December 31,
					2024	2024	2023
Sirius XM Holdings notes and loans:							
Sirius XM Holdings ^(b)	March 2023	3.75% Convertible Senior Notes	March 15, 2028	Semi-annually in arrears on March 15 and September 15	\$ 575	\$ 594	\$ 688
Sirius XM Holdings ^(b)	November 2019	2.75% Exchangeable Senior Debentures	December 1, 2049	quarterly in arrears on March 1, June 1, September 1, and December 1	—	—	574
Sirius XM Holdings	Various	Margin Loan	Various	n/a	—	—	695
Sirius XM notes and loans:							
Sirius XM ^(c)	April 2022	Incremental Term Loan	April 11, 2024	variable fee paid monthly	—	—	500
Sirius XM ^(c)	September 2024	Incremental Term Loan	September 9, 2027	variable fee paid quarterly	1,086	1,086	—
Sirius XM	December 2012	Senior Secured Revolving Credit Facility (the "Credit Facility")	August 31, 2026	variable fee paid quarterly	—	—	—
Sirius XM ^(c)	August 2021	3.125% Senior Notes	September 1, 2026	semi-annually on March 1 and September 1	1,000	996	994
Sirius XM ^(c)	July 2017	5.00% Senior Notes	August 1, 2027	semi-annually on February 1 and August 1	1,500	1,495	1,494
Sirius XM ^(c)	June 2021	4.00% Senior Notes	July 15, 2028	semi-annually on January 15 and July 15	2,000	1,988	1,985
Sirius XM ^(c)	June 2019	5.500% Senior Notes	July 1, 2029	semi-annually on January 1 and July 1	1,250	1,243	1,241
Sirius XM ^(c)	June 2020	4.125% Senior Notes	July 1, 2030	semi-annually on January 1 and July 1	1,500	1,490	1,488
Sirius XM ^(c)	August 2021	3.875% Senior Notes	September 1, 2031	semi-annually on March 1 and September 1	1,500	1,488	1,487
Sirius XM	Various	Finance leases	Various	n/a	n/a	11	15
Total debt						10,391	11,161
Less: total current maturities						61	1,079
Less: total deferred financing costs, net						16	9
Total long-term debt						\$10,314	\$10,073

(a) The carrying value of the obligations is net of any remaining unamortized original issue discount except for the debt measured at fair value noted in (b) below.

(b) Measured at fair value.

(c) On September 3, 2024, Sirius XM added a parent guarantee from Sirius XM Inc. to each series of Sirius XM notes in connection with the conversion of Sirius XM into a Delaware limited liability company. All material domestic subsidiaries, including Pandora and its subsidiaries, that guarantee the Credit Facility have guaranteed the Incremental Term Loan and these notes.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Sirius XM Holdings notes and loans:

3.75% Convertible Senior Notes due 2028

On March 10, 2023, Liberty Media issued \$575 aggregate principal amount of its 3.75% convertible notes due 2028 (the “Convertible Notes”). In connection with the Transactions, we assumed all of the obligations of Liberty Media under the indenture governing the Convertible Notes and the Convertible Notes. The Convertible Notes accrue interest at a rate of 3.75% per annum and mature on March 15, 2028. As of December 31, 2024, the conversion rate for the Convertible Notes was 29.9941 shares (not in millions) of our common stock per \$1,000 principal amount (not in millions) of Convertible Notes, equivalent to a conversion price of approximately \$33.34 per share of our common stock (not in millions).

Holders of the Convertible Notes may convert their Convertible Notes, in integral multiples of \$1,000 principal amount, at their option, under the following circumstances: (i) during any calendar quarter (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is equal to or more than 130% of the conversion price of the Convertible Notes on the last day of such preceding calendar quarter; (ii) during the five business-day period after any five consecutive trading-day period (the “Measurement Period”), in which the trading price per \$1,000 principal amount of Convertible Notes for each trading day of that Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate for the Convertible Notes on each such trading day; (iii) if the Company calls the Convertible Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date, but only with respect to the Convertible Notes called (or deemed called) for redemption; or (iv) upon the occurrence of specified corporate events described in the Convertible Notes Indenture. In addition, holders may convert their Convertible Notes at their option at any time on or after December 15, 2027 and ending on the close of business on the second scheduled trading day immediately preceding the stated maturity date for the Convertible Notes, without regard to the foregoing circumstances. Upon a conversion of the Convertible Notes, we may elect to pay or deliver, as the case may be, cash, shares of the Company’s common stock or a combination of cash and shares of our common stock. We elected to account for the Convertible Notes using the fair value option. See Note 5 for information related to unrealized gains (losses) on debt measured at fair value.

2.75% Exchangeable Senior Debentures due 2049

On November 26, 2019, Liberty Media issued approximately \$604 aggregate principal amount of its 2.75% exchangeable senior debentures due 2049 (the “Exchangeable Notes”). In connection with the Transactions, Liberty Media transferred and assigned its rights and liabilities as obligor and maker of the Exchangeable Notes and its obligations under the indenture governing the Exchangeable Notes to us.

Pursuant to the terms of the indenture governing the Exchangeable Notes and as a result of the Transactions, certain holders of the Exchangeable Notes exercised their right to require us to repurchase their Exchangeable Notes. During the three months ended December 31, 2024, we repurchased or redeemed the remaining \$604 original principal amount (\$585 adjusted principal amount) of Exchangeable Notes with cash for an aggregate purchase price of \$589. We elected to account for the Exchangeable Notes using the fair value option. See Note 5 for information related to unrealized gains (losses) on debt measured at fair value. As a result of the repurchases and redemption, we recognized a gain on extinguishment of \$12 in our audited consolidated statements of operations.

Margin Loan

In February 2021, Liberty Siri MarginCo, LLC (“Siri MarginCo”), a wholly-owned subsidiary of SplitCo which merged with and into SplitCo following the Transactions, borrowed \$125 pursuant to an amendment to its margin loan agreement secured by shares of our common stock (the “Margin Loan”) that was comprised of an \$875 term loan and an \$875 revolving line of credit. The term loan and any drawn portion of the revolver carried an interest rate of the London Inter-Bank Offer Rate plus 2.00% with the undrawn portion carrying a fee of 0.50%. In March 2023, Siri MarginCo amended the Margin Loan, increasing the revolving line of credit to \$1,075,

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

extending the maturity to March 2026 and changing the interest rate to the Secured Overnight Financing Rate (“SOFR”) plus 2.25%. During the year ended December 31, 2024, Siri MarginCo repaid all of the \$695 of borrowings outstanding under the term loan.

Sirius XM notes and loans:

The Credit Facility

In August 2021, Sirius XM entered into an amendment to extend the maturity of the \$1,750 Credit Facility to August 31, 2026. Sirius XM’s obligations under the Credit Facility are guaranteed by certain of its material domestic subsidiaries, including Pandora and its subsidiaries, and by Sirius XM Inc. and are secured by a lien on substantially all of Sirius XM’s assets and the assets of its material domestic subsidiaries. From and after July 1, 2023, Sirius XM’s borrowings are based on the SOFR plus an applicable rate based on its debt to operating cash flow ratio. Sirius XM is also required to pay a variable fee on the average daily unused portion of the Credit Facility which is payable on a quarterly basis. The variable rate for the unused portion of the Credit Facility was 0.25% per annum as of December 31, 2024. All of Sirius XM’s outstanding borrowings under the Credit Facility are classified as Long-term debt within our audited consolidated balance sheets due to the long-term maturity of this debt.

In April 2022, Sirius XM entered into an amendment to the Credit Facility to incorporate an Incremental Term Loan borrowing of \$500. Interest on the Incremental Term Loan borrowing was based on the SOFR plus an applicable rate. On April 11, 2024, the Incremental Term Loan matured and was retired with cash for 100% the principal amount plus accrued and unpaid interest to the date of maturity.

On January 26, 2024, Sirius XM entered into an amendment to the Credit Facility to, among other things, incorporate a \$1,100 delayed draw incremental term loan. Subject to the conditions described in the amendment, the delayed draw incremental term loan was available to be drawn by Sirius XM in up to three separate drawings until December 31, 2024. Once drawn, interest on the delayed draw incremental term loan is based on SOFR plus an applicable rate. On September 3, 2024, Sirius XM entered into a technical amendment to the Credit Facility to add a parent guarantee from Sirius XM Inc. to the Credit Facility in connection with the conversion of Sirius XM into a Delaware limited liability company. As of December 31, 2024, there was no outstanding balance under the Credit Facility and the outstanding amount under the incremental term loan was \$1,086.

Covenants and Restrictions

Under the Credit Facility, Sirius XM, our wholly owned subsidiary, must comply with a debt maintenance covenant that it cannot exceed a total leverage ratio, calculated as consolidated total debt to consolidated operating cash flow, of 5.0 to 1.0. The Credit Facility generally requires compliance with certain covenants that restrict Sirius XM’s ability to, among other things, (i) incur additional indebtedness, (ii) incur liens, (iii) pay dividends or make certain other restricted payments, investments or acquisitions, (iv) enter into certain transactions with affiliates, (v) merge or consolidate with another person, (vi) sell, assign, lease or otherwise dispose of all or substantially all of Sirius XM’s assets, and (vii) make voluntary prepayments of certain debt, in each case subject to exceptions.

The indentures governing Sirius XM’s notes restrict Sirius XM’s non-guarantor subsidiaries’ ability to create, assume, incur or guarantee additional indebtedness without such non-guarantor subsidiary guaranteeing each such series of notes on a pari passu basis. The indentures governing the notes also contain covenants that, among other things, limit Sirius XM’s ability and the ability of its subsidiaries to create certain liens; enter into sale/leaseback transactions; and merge or consolidate.

Under Sirius XM’s debt agreements, the following generally constitute an event of default: (i) a default in the payment of interest; (ii) a default in the payment of principal; (iii) failure to comply with covenants; (iv) failure to pay other indebtedness after final maturity or acceleration of other indebtedness exceeding a specified amount; (v) certain events of bankruptcy; (vi) a judgment for payment of money exceeding a specified aggregate amount; and (vii) voidance of subsidiary guarantees, subject to grace periods where applicable. If an event of default occurs and is continuing, our debt could become immediately due and payable.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Fair Value of Debt

The fair values, based on quoted market prices of the same instruments but not considered to be active markets (Level 2), of Sirius XM's debt securities, not reported at fair value, whose carrying value does not approximate fair value, are as follows:

	December 31, 2024	December 31, 2023
Sirius XM 3.125% Senior Notes due 2026	\$ 960	\$ 932
Sirius XM 5.0% Senior Notes due 2027	\$1,459	\$1,444
Sirius XM 4.0% Senior Notes due 2028	\$1,843	\$1,827
Sirius XM 5.50% Senior Notes due 2029	\$1,198	\$1,202
Sirius XM 4.125% Senior Notes due 2030	\$1,311	\$1,326
Sirius XM 3.875% Senior Notes due 2031	\$1,258	\$1,277

(14) EQUITY

Common Stock, par value \$0.001 per share

We are authorized to issue up to 900 shares of common stock. There were 339 and zero shares of common stock issued and outstanding on December 31, 2024 and December 31, 2023, respectively.

As of December 31, 2024, there were 30 shares of common stock reserved for issuance in connection with outstanding stock-based awards to members of our board of directors, employees and third parties.

Transactions with Former Parent, net

An intergroup interest represents a quasi-equity interest which is not represented by outstanding shares of common stock; rather, one of the Former Parent's tracking stock groups has an attributed interest in another of the Former Parent's tracking stock groups, which is generally stated in terms of a number of shares of such tracking stock. Through prior year transactions with the Former Parent, intergroup interests in other tracking stock groups were established.

As of December 31, 2021, approximately 5.3 notional shares represented an 2.2% intergroup interest in the Formula One Group held by the Liberty SiriusXM Group and approximately 2.3 notional shares represented a 3.7% intergroup interest in the Braves Group held by the Liberty SiriusXM Group.

Liberty Media assumed that the notional shares (if and when issued) related to the Liberty SiriusXM Group interest in the Formula One Group would be comprised of Series A Liberty Formula One common stock and the notional shares (if and when issued) related to the Liberty SiriusXM Group interest in the Braves Group would be comprised of Series A Liberty Braves common stock. Therefore, the market prices of Series A Liberty Formula One and Series A Liberty Braves common stock were used for the mark-to-market adjustment for the intergroup interests held by Liberty SiriusXM Group, included in Other income, net in the audited consolidated statements of operations.

As of December 31, 2022, approximately 1.8 notional shares represented a 2.9% intergroup interest in the Liberty Braves Group previously held by SplitCo and approximately 4.2 notional shares represented a 1.7% intergroup interest in the Liberty Formula One Group ("Formula One Group") previously held by the SplitCo.

During September 2022, the Formula One Group and the Braves Group paid approximately \$64 and \$14, respectively, to the Liberty SiriusXM Group to settle a portion of the intergroup interests in the Formula One Group and Braves Group held by the Liberty SiriusXM Group, as a result of the repurchase of a portion of the Convertible Notes, as described in Note 13. During March 2023, the Formula One Group paid approximately \$202 to SplitCo to settle a portion of the intergroup interest in the Formula One Group held by SplitCo, as a result of the repurchase of a portion of Liberty Media's 1.375% Cash Convertible Senior Notes due 2023. On July 12, 2023, the Formula One Group paid approximately \$71 to SplitCo to settle and extinguish the remaining intergroup interest in the Formula One Group held by SplitCo.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

On July 18, 2023, Liberty Media completed the split-off of Atlanta Braves Holdings, Inc. through a redemption of each outstanding share of Liberty Braves common stock in exchange for one share of the corresponding series of Atlanta Braves Holdings, Inc. common stock. The intergroup interest in the Liberty Braves Group attributed to SplitCo was settled and extinguished through the attribution of Atlanta Braves Holdings, Inc. Series C common stock on a one-for-one basis equal to the number of notional shares representing the intergroup interest.

Purchases of Common Stock of Former Parent

There were no repurchases of Liberty SiriusXM common stock during the years ended December 31, 2024 and 2023.

During the year ended December 31, 2022, Liberty Media repurchased 3.5 shares of Series A Liberty SiriusXM common stock for aggregate cash consideration of \$161 and 4.5 shares of Series C Liberty SiriusXM common stock for aggregate cash consideration of \$197 under the authorized repurchase program.

Cash Distributions to Parent

During the years ended December 31, 2024, 2023 and 2022, we paid cash distributions of \$—, \$3 and \$685, respectively, to the Former Parent.

Sirius XM Holdings equity activity

All share and per share amounts have been adjusted to reflect the conversion of Old Sirius shares into SplitCo common stock on a one-for-ten basis.

Quarterly Dividends

During the year ended December 31, 2024 and 2023, our board of directors declared and paid the following dividends:

Declaration Date	Dividend Per Share	Record Date	Total Amount ⁽¹⁾	Payment Date
<i>2024 dividends</i>				
January 24, 2024	\$0.266	February 9, 2024	\$102	February 23, 2024
April 24, 2024	\$0.266	May 10, 2024	\$103	May 29, 2024
July 24, 2024	\$0.266	August 9, 2024	\$103	August 26, 2024
October 22, 2024	\$0.270	November 5, 2024	\$ 92	November 21, 2024
<i>2023 dividends</i>				
January 25, 2023	\$0.242	February 9, 2023	\$ 94	February 24, 2023
April 19, 2023	\$0.242	May 5, 2023	\$ 94	May 24, 2023
July 26, 2023	\$0.242	August 8, 2023	\$ 93	August 30, 2023
October 25, 2023	\$0.266	November 7, 2023	\$102	November 29, 2023

(1) During the years ended December 31, 2024 and 2023, we paid dividends of \$143 and \$65, respectively, to noncontrolling interests.

Stock Repurchase Program

As of December 31, 2024, our board of directors approved for repurchase an aggregate of \$1,166 of our common stock. The board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including in accelerated stock repurchase transactions, or otherwise. We intend to fund any stock repurchases through a combination of cash on hand, cash generated by operations and future borrowings. The size and timing of any purchases will be based on a number of factors, including price and business and market conditions.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Prior to the closing of the Transactions, the board of directors of Old Sirius had approved the repurchase of an aggregate of \$18,000 of its common stock. As of the closing of the Transactions, Old Sirius' cumulative repurchases since December 2012 under that stock repurchase program totaled 373 shares for \$16,834, and \$1,166 remained available under that stock repurchase program. The stock repurchase program of Old Sirius was terminated on the closing date of the Transactions.

Following the closing of the Transactions, on September 9, 2024, our board of directors authorized for repurchase an aggregate of \$1,166 of our common stock. As of December 31, 2024, our cumulative repurchases since the closing of the Transactions under our stock repurchase program totaled 301 thousand shares for \$7, and \$1,160 remained available for additional repurchases under our existing stock repurchase program authorization.

The following table summarizes our total share repurchase activity for the years ended:

Share Repurchase Type	December 31, 2024		December 31, 2023		December 31, 2022	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Open Market Repurchases ^(a)	301	\$7	6,938	\$274	10,279	\$640

(a) As of December 31, 2024, \$1 of common stock repurchases had not settled, nor been retired, and were recorded as Treasury stock within our audited consolidated balance sheets and audited consolidated statement of equity.

(15) BENEFIT PLANS

Included in the accompanying audited consolidated statements of operations are the following amounts of share-based compensation expense:

	For the Years Ended December 31,		
	2024	2023	2022
Cost of services:			
Programming and content	\$ 36	\$ 34	\$ 34
Customer service and billing	5	5	6
Transmission	5	6	6
Sales and marketing	45	45	52
Product and technology	44	46	39
General and administrative	65	67	72
	\$200	\$203	\$209

We account for equity instruments granted in accordance with ASC 718, *Compensation—Stock Compensation*. ASC 718 requires all share-based compensation payments to be recognized in the financial statements based on fair value. We use the Black-Scholes-Merton option-pricing model to value stock option awards, and have elected to treat awards with graded vesting as a single award. Share-based compensation expense is recognized ratably over the requisite service period, which is generally the vesting period. We measure restricted stock unit awards using the fair market value of the restricted shares of common stock on the day the award is granted. We measure the value of restricted units that will vest depending a relative total stockholder return metric—that is, the performance of our common stock as compared other companies included in the S&P 500 Index—using a special option-based valuation method, known as a Monte Carlo simulation. Since the results of such awards depend on future results, which are not known on the grant date, the Monte Carlo simulation attempts to take into consideration the terms of the awards, potential future returns, payout rates, and other factors to estimate a fair value of the award. The Monte Carlo simulation method uses factual data for the company and employs various assumptions. Stock-based awards granted to employees, non-employees and members of our board of directors include stock options and restricted stock units.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Fair value as determined using the Black-Scholes-Merton model varies based on assumptions used for the expected life, expected stock price volatility, expected dividend yield and risk-free interest rates. For the years ended December 31, 2024, 2023 and 2022, we estimated the fair value of awards granted using the hybrid approach for volatility, which weights observable historical volatility and implied volatility of qualifying actively traded options on our common stock. The expected life assumption represents the weighted-average period stock-based awards are expected to remain outstanding. These expected life assumptions are established through a review of historical exercise behavior of stock-based award grants with similar vesting periods. Where historical patterns do not exist for non-employees, contractual terms are used. Dividend yield is based on the current expected annual dividend per share and our stock price. The risk-free interest rate represents the daily treasury yield curve rate at the grant date based on the closing market bid yields on actively traded U.S. treasury securities in the over-the-counter market for the expected term. Our assumptions may change in future periods.

SplitCo Awards

Liberty Media granted, to certain of its directors and employees, restricted stock awards (“RSAs”), restricted stock units (“RSUs”) and stock options to purchase shares of SplitCo common stock (collectively, “SplitCo Awards”). SplitCo measured the cost of employee services received in exchange for an equity classified SplitCo Award based on the grant-date fair value (“GDFV”) of the SplitCo Award and recognized that cost over the period during which the employee is required to provide service (usually the vesting period of the SplitCo Award). SplitCo measured the cost of employee services received in exchange for a liability classified SplitCo Award based on the current fair value of the SplitCo Award and remeasures the fair value of the SplitCo Award at each reporting date.

At the time of the Split-Off, outstanding stock options to purchase shares of SplitCo common stock were accelerated and became fully vested and exchanged into stock options to purchase shares of our common stock adjusted based on the exchange ratio identified in the Liberty Sirius XM Holdings Inc. Transitional Stock Adjustment Plan (the “SplitCo Award Exchange Ratio”). The RSAs and RSUs with respect to shares of SplitCo common stock accelerated, became fully vested, and are treated as outstanding shares of our common stock and as such were exchanged into shares of our common stock based on the SplitCo Award Exchange Ratio. Following the Split-Off, a portion of the outstanding stock options to purchase shares of our common stock are to be settled in cash as the underlying shares were not registered, and therefore these awards were classified as liability awards and will be remeasured at each reporting date. As of December 31, 2024, we recognized a liability of \$2 related to these awards.

The following table presents the number and weighted average exercise price (“WAEP”) of options to purchase shares of our common stock granted to certain officers, employees and directors of Liberty Media, as well as the weighted average remaining life and aggregate intrinsic value of the options. The shares and WAEP have been adjusted for the exchange ratio of 0.8375 shares of Sirius XM Holdings per share of SplitCo. Refer to Note 1 for more information.

	Options (000's)	WAEP	Weighted average remaining life (years)	Aggregate intrinsic value
Outstanding at January 1, 2024	5	\$34.78		
Exercised	(1)	\$30.98		
Forfeited/Cancelled	—	\$ —		
Transfer to Sirius XM Holdings ⁽¹⁾	(4)	\$35.56		
Outstanding at December 31, 2024	—			

(1) As discussed in the paragraph above, outstanding stock options to purchase shares of SplitCo common stock were accelerated and became fully vested and exchanged into stock options to purchase shares of our common stock, adjusted based on the SplitCo Award Exchange Ratio.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Liberty Media calculated the GDFV for its equity classified options using the Black-Scholes Model. Liberty Media estimated the expected term of the options based on historical exercise and forfeiture data. The volatility used in the calculation for options was based on the historical volatility of SplitCo common stock and, when available, the implied volatility of publicly traded SplitCo options. SplitCo uses a zero-dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

As of December 31, 2024, we reserved 4.1 shares of our common stock for issuance under exercise privileges of outstanding stock options previously granted by Liberty Media.

Sirius XM Holdings Awards

2024 Long-Term Stock Incentive Plan

In connection with the Transactions, Liberty Media, as the sole stockholder of SplitCo, approved the Sirius XM Holdings Inc. 2024 Long-Term Stock Incentive Plan (the “2024 Plan”). Employees, consultants and non-employee members of Sirius XM Holdings’ board of directors are eligible to receive awards under the 2024 Plan. The 2024 Plan provides for the grant of stock options, stock appreciation rights (“SARs”), RSAs, RSUs and other stock-based awards that the compensation committee (the “Compensation Committee”) of our board of directors deems appropriate. Stock-based awards granted under the 2024 Plan are generally subject to a graded vesting requirement. Stock options generally expire ten years from the date of grant. RSUs include performance-based RSUs (“PRSUs”), the vesting of which are subject to the achievement of performance goals and the employee’s continued employment. Each RSU entitles the holder to receive one share of common stock upon vesting. As of December 31, 2024, 35 shares of our common stock were available for future grants under the 2024 Plan.

Transitional Stock Adjustment Plan

In connection with the Transactions, Liberty Media, as the sole stockholder of SplitCo, approved the Sirius XM Holdings Inc. Transitional Stock Adjustment Plan (the “Transitional Plan”). Current and former employees and consultants of Liberty Media or a former direct or indirect subsidiary of Liberty Media, any successor of any such former subsidiary, and the parent company (directly or indirectly) of any such former subsidiary or successor (collectively, a “Qualifying Subsidiary”) or a member of the board of directors of Liberty Media or a Qualifying Subsidiary and in each case, who, as of September 9, 2024, (a) held an outstanding option of any series of Liberty Media’s Liberty SiriusXM common stock (a “Liberty Media SiriusXM Option Award”) pursuant to (i) the Liberty Media Corporation 2013 Incentive Plan (Amended and Restated as of March 31, 2015), as amended, (ii) the Liberty Media Corporation 2013 Nonemployee Director Plan (Amended and Restated as of December 17, 2015), as amended, (iii) the Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended, (iv) the Liberty Media Corporation 2022 Omnibus Incentive Plan, as amended, and/or (v) any other stock option or incentive plan adopted or assumed by Liberty Media (each, a “Liberty Media Incentive Plan”) and (b) received an option under the Transitional Plan in accordance with the terms of the Reorganization Agreement were eligible to receive awards under the Transitional Plan. The Transitional Plan provided for the grant of stock options. Stock options were subject to all the terms and conditions of the applicable Liberty Media Incentive Plan and associated instrument under which the corresponding Liberty Media SiriusXM Option Award was made. As of December 31, 2024, 3 shares of our common stock were reserved for issuance in connection with outstanding stock based awards in connection with the Transitional Plan.

Other Plans

We maintain four share-based benefit plans in addition to the 2024 Plan and the Transitional Plan—the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan, the Amended and Restated Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan, the 2014 Stock Incentive Plan of AdsWizz Inc. and the Pandora Media, Inc. 2011 Equity Incentive Plan. Excluding dividend equivalent units granted as a result of a declared dividend, no further awards may be made under these plans.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

The following table summarizes the weighted-average assumptions used to compute the fair value of options granted to employees, members of our board of directors and non-employees under the Sirius XM Awards:

	For the Years Ended December 31,		
	2024	2023	2022
Risk-free interest rate	4.4%	4.0%	2.0%
Expected life of options—years	3.76	3.80	3.40
Expected stock price volatility	40%	32%	31%
Expected dividend yield	2.8%	2.0%	1.3%

The following table summarizes stock option activity under our share-based plans for the years ended December 31, 2024:

	Options	WAEP	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2024	12	\$56.02		
Granted	3	\$41.95		
Exercised	—	\$33.57		
Forfeited, cancelled or expired	(1)	\$49.89		
Transfer in from SplitCo ⁽¹⁾	4	\$35.56		
Outstanding as of December 31, 2024	18	\$49.69	4.38	\$—
Exercisable as of December 31, 2024	14	\$50.60	3.44	\$—

(1) As discussed above, outstanding stock options to purchase shares of SplitCo common stock were accelerated and became fully vested and exchanged into stock options to purchase shares of our common stock adjusted based on the SplitCo Award Exchange Ratio under the Transitional Plan.

The weighted average GDFV per stock option granted during the years ended December 31, 2024, 2023 and 2022 was \$12.31, \$1.23 and \$1.48, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2024, 2023 and 2022 was \$1, \$15 and \$77, respectively. During the years ended December 31, 2024, 2023 and 2022, the number of net settled shares issued as a result of stock option exercises was less than 1, 2 and 8, respectively.

The following table summarizes the RSUs, including PRSUs, activity under our share-based plans for the years ended December 31, 2024:

	Shares	GDFV Per Share
Nonvested as of January 1, 2024	9	\$55.91
Granted	7	\$33.21
Vested	(3)	\$56.69
Forfeited	(1)	\$52.59
Nonvested as of December 31, 2024	12	\$42.33

The total intrinsic value of RSUs, including PRSUs, vesting during the years ended December 31, 2024, 2023 and 2022 was \$113, \$147 and \$207, respectively. During the years ended December 31, 2024, 2023 and 2022, the number of net settled shares issued as a result of RSUs vesting totaled 2, 19 and 19, respectively. During the years ended December 31, 2024, 2023 and 2022, we granted 1, 4 and 6, respectively, PRSUs to certain employees. We believe it is probable that the performance target applicable to these PRSUs will be achieved.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

In connection with the cash dividends paid during the years ended December 31, 2024, 2023 and 2022, we granted less than 1, 1 and 4, respectively, RSUs, including PRSUs, in accordance with the terms of existing award agreements. These grants did not result in any additional incremental share-based payment expense being recognized during the years ended December 31, 2024.

Total unrecognized compensation costs related to unvested share-based payment awards for our stock options and RSUs, including PRSUs, granted to employees, members of our board of directors and third parties at December 31, 2024 and December 31, 2023 was \$402 and \$423, respectively. The total unrecognized compensation costs at December 31, 2024 are expected to be recognized over a weighted-average period of 2.6 years.

401(k) Savings Plans

We sponsor the Sirius XM Radio Inc. 401(k) Savings Plan (the “Sirius XM Plan”) for eligible employees. The Sirius XM Plan allows eligible employees to voluntarily contribute from 1% to 50% of their pre-tax eligible earnings, subject to certain defined limits. We match 50% of an employee’s voluntary contributions per pay period on the first 6% of an employee’s pre-tax salary up to a maximum of 3% of eligible compensation. We may also make additional discretionary matching, true-up matching and non-elective contributions to the Sirius XM Plan. Employer matching contributions under the Sirius XM Plan vest at a rate of 33.33% for each year of employment and are fully vested after three years of employment for all current and future contributions. Our cash employer matching contributions are not used to purchase shares of our common stock on the open market, unless the employee elects our common stock as their investment option for this contribution.

We recognized expenses of \$20, \$20 and \$19 for the years ended December 31, 2024, 2023 and 2022, respectively, in connection with the Sirius XM Plan.

Sirius XM Holdings Inc. Deferred Compensation Plan

The Sirius XM Holdings Inc. Deferred Compensation Plan (the “DCP”) allows members of our board of directors and certain eligible employees to defer all or a portion of their base salary, cash incentive compensation and/or board of directors’ cash compensation, as applicable. Pursuant to the terms of the DCP, we may elect to make additional contributions beyond amounts deferred by participants, but we are under no obligation to do so. We have established a grantor (or “rabbi”) trust to facilitate the payment of our obligations under the DCP.

Contributions to the DCP, net of withdrawals, for the years ended December 31, 2024, 2023 and 2022, were \$(1), \$(3) and \$(1), respectively. As of December 31, 2024 and December 31, 2023, the fair value of the investments held in the trust were \$60 and \$53, respectively, which is included in Other long-term assets in our audited consolidated balance sheets and classified as trading securities. Trading gains and losses associated with these investments are recorded in Other (expense) income within our audited consolidated statements of operations. The associated liability is recorded within Other long-term liabilities in our audited consolidated balance sheets, and any increase or decrease in the liability is recorded in General and administrative expense within our audited consolidated statements of operations. We recorded gains (losses) on investments held in the trust of \$6, \$7 and \$(10) for the years ended December 31, 2024, 2023 and 2022, respectively.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

(16) COMMITMENTS AND CONTINGENCIES

The following table summarizes our expected contractual cash commitments as of December 31, 2024:

	2025	2026	2027	2028	2029	Thereafter	Total
Debt obligations	\$ 61	\$1,059	\$2,477	\$2,575	\$1,250	\$3,000	\$10,422
Cash interest payments	469	462	410	280	189	178	1,988
Satellite and transmission	228	117	42	1	1	3	392
Programming and content	408	269	173	88	43	20	1,001
Sales and marketing	42	27	10	2	2	—	83
Satellite incentive payments	8	3	3	3	2	10	29
Operating lease obligations	58	55	50	42	37	37	279
Royalties, minimum guarantees and other	669	692	351	291	199	77	2,279
Total⁽¹⁾	\$1,943	\$2,684	\$3,516	\$3,282	\$1,723	\$3,325	\$16,473

(1) The table does not include our reserve for uncertain tax positions, which at December 31, 2024 totaled \$76.

Debt obligations. Debt obligations include principal payments on outstanding debt and finance lease obligations.

Cash interest payments. Cash interest payments include interest due on outstanding debt and finance lease payments through maturity.

Satellite and transmission. We have entered into agreements for the design, construction, launch and insurance of three additional satellites SXM-10, SXM-11 and SXM-12. We also have entered into agreements with third parties to operate and maintain satellite telemetry, tracking and control facilities and certain components of our terrestrial repeater networks.

Programming and content. We have entered into various programming and content agreements. Under the terms of these agreements, our obligations include fixed payments, advertising commitments and revenue sharing arrangements. In certain of these agreements, the future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in our minimum contractual cash commitments.

Sales and marketing. We have entered into various marketing, sponsorship and distribution agreements to promote our brands and are obligated to make payments to sponsors, retailers, automakers, radio manufacturers and other third parties under these agreements. Certain programming and content agreements also require us to purchase advertising on properties owned or controlled by the licensors.

Satellite incentive payments. Maxar Technologies (formerly Space Systems/Loral), the manufacturer of certain of our in-orbit satellites, may be entitled to future in-orbit performance payments upon XM-5, SIRIUS FM-5, SIRIUS FM-6, and SXM-8 meeting their fifteen-year design life, which we expect to occur.

Operating lease obligations. We have entered into both cancelable and non-cancelable operating leases for office space, terrestrial repeaters, data centers and equipment. These leases provide for minimum lease payments, additional operating expense charges, leasehold improvements and rent escalations that have initial terms ranging from one to fifteen years, and certain leases have options to renew. Total rent recognized in connection with leases for the years ended December 31, 2024, 2023 and 2022 was \$63, \$64 and \$68, respectively.

Royalties, Minimum Guarantees and Other. We have entered into music royalty arrangements that include fixed payments. In addition, certain of our podcast agreements also contain minimum guarantees. As of December 31, 2024, we had future fixed commitments related to music royalty and podcast agreements of \$837, of which \$311 will be paid in 2025 and the remainder will be paid thereafter. On a quarterly basis, we record the greater of the cumulative actual content costs incurred or the cumulative minimum guarantee based on forecasts for the

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

minimum guarantee period. The minimum guarantee period is the period of time that the minimum guarantee relates to, as specified in each agreement, which may be annual or a longer period. The cumulative minimum guarantee, based on forecasts, considers factors such as listening hours, downloads, revenue, subscribers and other terms of each agreement that impact our expected attainment or recoupment of the minimum guarantees based on the relative attribution method.

We have entered into certain tax equity investments in which we expect to make future contributions. These future contributions are expected to be made over the remaining respective terms of the investments and totaled \$735 as of December 31, 2024, of which \$88 is expected to be paid in 2025 and the remainder thereafter.

Several of our content agreements also include provisions related to the royalty payments and structures of those agreements relative to other content licensing arrangements, which, if triggered, cause our payments under those agreements to escalate. In addition, record labels, publishers and performing rights organizations with whom we have entered into direct license agreements have the right to audit our content payments, and such audits often result in disputes over whether we have paid the proper content costs.

We have also entered into various agreements with third parties for general operating purposes.

In addition to the minimum contractual cash commitments described above, we have entered into other variable cost arrangements. These future costs are dependent upon many factors and are difficult to anticipate; however, these costs may be substantial. We may enter into additional programming, distribution, marketing and other agreements that contain similar variable cost provisions. We do not have any other significant off-balance sheet financing arrangements that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Legal Proceedings

In the ordinary course of business, we are a defendant or party to various claims and lawsuits, including those discussed below.

We record a liability when we believe that it is both probable that a liability will be incurred, and the amount of loss can be reasonably estimated. We evaluate developments in legal matters that could affect the amount of liability that has been previously accrued and make adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount of a loss or potential loss. We may be unable to reasonably estimate the possible loss or range of loss for a particular legal contingency for various reasons, including, among others, because: (i) the damages sought are indeterminate; (ii) the proceedings are in the relative early stages; (iii) there is uncertainty as to the outcome of pending proceedings (including motions and appeals); (iv) there is uncertainty as to the likelihood of settlement and the outcome of any negotiations with respect thereto; (v) there remain significant factual issues to be determined or resolved; (vi) the relevant law is unsettled; or (vii) the proceedings involve novel or untested legal theories. In such instances, there may be considerable uncertainty regarding the ultimate resolution of such matters, including the likelihood or magnitude of a possible eventual loss, if any.

New York State v. Sirius XM Radio Inc. On December 20, 2023, the People of the State of New York, by Letitia James, Attorney General of the State of New York (the “NY AG”), filed a Petition in the Supreme Court of the State of New York, New York County, against Sirius XM. The Petition alleges various violations of New York law and the federal Restore Online Shoppers’ Confidence Act (“ROSCA”) arising out of Sirius XM’s subscription cancellation practices. In general, the Petition alleges that Sirius XM requires consumers to devote an excessive amount of time to cancel subscriptions and have not implemented cancellation processes that are simple and efficient.

The Petition claims to be brought under certain provisions of New York law that authorize the NY AG to initiate special proceedings seeking injunctive and other equitable relief in cases of persistent business fraud or illegality. The Petition seeks: a permanent injunction against violating provisions of New York law and ROSCA arising out of the alleged deceptive practices associated with Sirius XM’s subscription cancellation procedures; an

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

accounting of each consumer who cancelled, or sought to cancel, a satellite radio subscription, including the duration of the cancel interaction and the funds collected from such consumers after that interaction; monetary restitution and damages to aggrieved consumers; disgorgement of all profits resulting from the alleged improper acts; civil penalties; and the NY AG's costs. Sirius XM filed an Answer to the Petition and cross moved for summary judgment with respect to various claims asserted in the Petition.

In November 2024, a New York Court granted Sirius XM summary judgment on all but one of the NY AG's claims. The New York Court did find that Sirius XM's cancellation practices violated the "simple mechanism requirement" for subscription cancellations contained in ROSCA. As a result of the Court's findings, Sirius XM now permits New York residents who purchase a subscription online to also cancel that subscription online, a cancellation mechanism that is at least as easy to use as the method the consumer used to initiate the subscription. The NY AG has filed a notice of appeal relating to the four counts in the Petition that the Court granted Sirius XM summary judgment with respect to. Sirius XM has also filed a notice of appeal relating to the one count in the Petition, the violation of ROSCA, that the Court granted the State of New York summary judgment with respect to.

Sirius XM believes it has substantial defenses to the action and intends to defend this action vigorously.

U.S. Music Royalty Fee Actions and Mass Arbitrations. A number of class actions and mass arbitrations have been commenced against Sirius XM relating to its pricing, billing and subscription marketing practices. Although each class action and mass arbitration contains unique allegations; in general, the actions and arbitrations allege that Sirius XM falsely advertised its music subscription plans at lower prices than it actually charges, that it allegedly did not disclose its "U.S. Music Royalty Fee", and that Sirius XM has taken other actions to prevent customers from discovering the existence, amount and nature of the U.S. Music Royalty Fee in violation of various state consumer protection laws.

The plaintiffs and claimants seek disgorgement, restitution and/or damages in the aggregate amount of U.S. Music Royalty Fees paid by customers, as well as statutory and punitive damages where available.

To date, the actions and arbitrations filed against Sirius XM include:

- On April 14, 2023, Ayana Stevenson and David Ambrose, individually, as private attorneys general, and on behalf of all other California persons similarly situated, filed a class action complaint against Sirius XM in the Superior Court of the State of California, County of Contra Costa. The case was removed to the United States District Court for the Northern District of California, which issued an Order on November 9, 2023 granting Sirius XM's Motion to Compel Arbitration and dismissed the complaint. Plaintiffs appealed the Court's granting of the Motion, and Sirius XM cross-appealed the Court's dismissal in lieu of the issuance of a stay pending arbitration. The appeal and cross-appeal have been dismissed leaving the District Court's order compelling arbitration in place.
- On May 17, 2023, Robyn Posternock, Muriel Salters and Philip Munning, individually, as private attorneys general, and on behalf of all other New Jersey persons similarly situated, filed a class action complaint against Sirius XM in the United States District Court for the District of New Jersey. Sirius XM filed a Motion to Compel Arbitration on August 18, 2023. Sirius XM renewed that motion on June 14, 2024 and the renewed motion remains pending.
- On June 5, 2023, Christopher Carovillano and Steven Brandt, individually, as private attorneys general, and on behalf of all other U.S. persons similarly situated (excluding persons in the states of California, New Jersey and Washington), filed a class action complaint against Sirius XM in the United States District Court for the Southern District of New York. On February 6, 2024, the Court issued an Order denying Sirius XM's Motion to Dismiss and Sirius XM filed an Answer to the complaint on February 20, 2024. On May 24, 2024, Sirius XM filed a Motion for Partial Summary Judgement and to Strike Class Allegations. On July 18, 2024, the Court issued an Opinion and Order granting Sirius XM's motion for partial summary judgement and striking the plaintiffs' class allegations. Sirius XM has filed another motion for summary judgment as to plaintiff's remaining individual claims.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

- On June 1, 2024, Elenamarie Burns, Jacqueline Gardner, and Lynne Silver filed a petition on behalf of 7,628 individuals in the Commercial Division of the Supreme Court of New York, County of New York, seeking to compel Sirius XM to arbitrate and advance the payment of American Arbitration Association (the “AAA”) arbitration fees in connection with individual arbitrations. On July 3, 2024, those petitioners filed an amended petition seeking the same relief on behalf of a revised list of 7,628 petitioners. The Court has not taken any action in connection with the amended petition.
- On June 14, 2024, Kara Kirkpatrick, Gillian Maxfield, Anna Demarco and Cody Michael, individually and on behalf of all other Oregon persons similarly situated, filed a class action complaint against Sirius XM in the United States District Court for the District of Oregon.
- On June 21, 2024, Cindy Balmores, Justin Braswell, Deborah Garvin, and Thea Anderson, individually, as private attorneys general, and on behalf of all other Washington persons similarly situated, filed a class action complaint against Sirius XM in the United States District Court for the Western District of Washington.
- On June 25, 2024, Denise Woods and Sherry Tapia, individually, as private attorneys general, and on behalf of all other California persons similarly situated, filed a class action complaint against Sirius XM in the United States District Court for the Northern District of California.
- On June 26, 2024, Bonnie Wilson, individually and on behalf of all other U.S. persons similarly situated, filed a class action complaint against Sirius XM in the United States District Court for the Southern District of New York.
- Commencing in June 2023, various law firms began filing mass arbitration claims against Sirius XM before the AAA. Collectively, the law firms purport to act on behalf of approximately 70,000 claimants. Several of the law firms have asserted additional causes of action under the Electronic Funds Transfer Act.

Sirius XM believes it has substantial defenses to the claims asserted in these actions and arbitrations, and it intends to defend these actions vigorously.

Other Matters. In the ordinary course of business, Sirius XM Holdings, Sirius XM and its subsidiaries, such as Pandora, are defendants in various other lawsuits, mass arbitration and individual arbitration proceedings, including derivative actions; actions filed by subscribers, both on behalf of themselves and on a class action basis; former employees; parties to contracts or leases; and owners of purported patents, trademarks, copyrights or other intellectual property. None of these other matters, in our opinion, is likely to have a material adverse effect on our business, financial condition or results of operations.

(17) INCOME TAXES

Current federal income tax expense or benefit represents the amounts expected to be reported on our income tax return, and deferred income tax expense or benefit represents the change in net deferred tax assets and liabilities. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted income tax rates that will be in effect when these differences reverse. The current state income tax provision is primarily related to taxable income in certain states that have suspended or limited the ability to use net operating loss carryforwards or where net operating losses have been fully utilized. Income tax expense is the sum of current income tax plus the change in deferred tax assets and liabilities.

We have historically filed a consolidated federal income tax return for all of our wholly owned subsidiaries, including Sirius XM and Pandora. On February 1, 2021, we entered into a tax sharing agreement with Liberty Media governing the allocation of consolidated U.S. income tax liabilities and setting forth agreements with respect to other tax matters. The tax sharing agreement contained provisions that we believed were customary for tax sharing agreements between members of a consolidated group. On November 3, 2021, Liberty Media informed us that it beneficially owned over 80% of the outstanding shares of our common stock, as a result of this, we were included in the consolidated tax return of Liberty Media beginning November 4, 2021. In connection with the closing of the Transactions, on September 9, 2024, this existing Tax Agreement with Liberty Media

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

was terminated, when Liberty Media completed the Split-Off and ceased to own any shares of our common stock. As a result, we ceased to be a member of Liberty Media’s consolidate tax group beginning on September 9, 2024 and ceased to file a consolidated tax return with Liberty Media on such date.

In connection with the Transactions, we entered into a new Tax Sharing Agreement with Liberty Media. The Tax Sharing Agreement generally allocates taxes, tax benefits, tax items, and tax-related losses between Liberty Media and us in a manner consistent with the tax sharing policies of Liberty Media in effect prior to the Split-Off, with taxes, tax benefits and tax items attributable to the assets, liabilities and activities attributed to the Liberty Formula One Group and the Liberty Live Group being allocated to Liberty Media, and taxes, tax benefits and tax items attributable to the assets, liabilities and activities attributed to the Liberty SiriusXM Group being allocated to us. In addition, the Tax Sharing Agreement includes additional provisions related to the manner in which any taxes or tax-related losses arising from the Split-Off will be allocated between the parties and provides restrictive covenants intended to preserve the generally tax-free treatment of the Transactions. The failure by a party to comply with its restrictive covenants may change the general allocation of taxes, tax benefits and tax items between the parties related to the Transactions. The parties have agreed to indemnify each other for taxes and losses allocated to them under the Tax Sharing Agreement and for taxes and losses arising from a breach by them of their respective covenants and obligations under the Tax Sharing Agreement. The Tax Sharing Agreement also includes provisions addressing the filing of tax returns, control of tax audits, cooperation on tax matters, retention of tax records, indemnification, and other tax matters.

For the period January 1, 2024 through September 9, 2024, our current tax expense is the amount of tax payable on the basis of a hypothetical, current-year separate return. We provided deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical and actual returns and assess the need for a valuation allowance on the basis of our projected separate return results. Any difference between the tax expense (or benefit) allocated to us under the short year one separate return method and payments to be made for (or received from) Liberty Media for tax expense are treated as either dividends or capital contributions. Subsequent to September 9, 2024 and as a result of the Split-Off, our current tax expense represents taxes attributable to the business carried on by us on a standalone basis.

Income tax expense consisted of the following:

	For the Years Ended December 31,		
	2024	2023	2022
Current taxes:			
Federal	\$ 297	\$205	\$ 80
State	72	57	48
Foreign	2	—	—
Total current taxes expense	371	262	128
Deferred taxes:			
Federal	(165)	(30)	203
State	4	(10)	37
Total deferred taxes (benefit) expense	(161)	(40)	240
Total income tax expense	\$ 210	\$222	\$368

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

The following table presents a reconciliation of the U.S. federal statutory tax rate and our effective tax rate:

	For the Years Ended December 31,		
	2024	2023	2022
Federal tax expense, at statutory rate	21.0 %	21.0 %	21.0 %
State income tax expense, net of federal benefit	4.0 %	4.9 %	4.2 %
Tax equity Investments, Inclusive of Tax Equity Credit	1.9 %	(1.5)%	— %
R&D Tax Credits	1.9 %	(8.3)%	(1.7)%
Change in valuation allowance	(0.3)%	(2.1)%	2.3 %
Share-based compensation	(1.3)%	1.8 %	(1.0)%
Impact of nondeductible compensation	(0.4)%	1.0 %	1.0 %
Goodwill impairment	(37.8)%	— %	— %
Uncertain tax positions	(0.3)%	0.6 %	(0.8)%
Convertible Notes	1.3 %	2.7 %	(0.5)%
Intergroup interests	— %	(1.2)%	0.3 %
Other, net	(1.3)%	(0.6)%	— %
Effective tax rate	(11.3)%	18.3 %	24.8 %

Our effective tax rate of (11.3)% for the year ended December 31, 2024 was primarily driven by federal and state income tax expense, offset by the nondeductible impairment of goodwill. Our effective tax rate of 18.3% for the year ended December 31, 2023 was primarily driven by federal and state income tax expense, partially offset by the benefits related to research and development and certain other credits, as well as a release in state valuation allowance. Our effective tax rate of 24.8% for the year ended December 31, 2022 was primarily driven by federal and state income tax expense as well as changes in state valuation allowance, partially offset by a benefit related to research and development and certain other credits.

Deferred income taxes are recognized for the tax consequences related to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes at each year-end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences can be carried forward under tax law. Our evaluation of the realizability of deferred tax assets considers both positive and negative evidence, including historical financial performance, scheduled reversal of deferred tax assets and liabilities, projected taxable income and tax planning strategies. The weight given to the potential effects of positive and negative evidence is based on the extent to which it can be objectively verified. A valuation allowance is recognized when, based on the weight of all available evidence, it is considered more likely than not that all, or some portion, of the deferred tax assets will not be realized.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities, shown before jurisdictional netting, are presented below:

	For the Years Ended December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards and tax credits	\$ 321	\$ 368
Other accrued liabilities	44	89
Accrued stock compensation	53	56
Deferred revenue	46	42
Investments	102	—
Other future deductible amounts	117	127
Total deferred tax assets	683	682
Deferred tax liabilities:		
Intangible assets	(2,550)	(2,576)
Fixed assets	(124)	(233)
Debt	(3)	(15)
Investments	—	(29)
Total deferred tax liabilities	(2,677)	(2,853)
Net deferred tax liabilities before valuation allowance	(1,994)	(2,171)
Valuation allowance	(93)	(88)
Total net deferred tax liability	\$(2,087)	\$(2,259)

Net operating loss carryforwards and tax credits decreased as a result of the utilization of net operating losses related to current year taxable income. For the years ended December 31, 2024 and 2023, we recorded \$183 and \$76 for state and federal tax credits, respectively. As of December 31, 2024, our gross federal net operating loss carryforwards were approximately \$199 which are subject to Section 382 limitations.

As of December 31, 2024 and 2023, we had a valuation allowance related to deferred tax assets of \$93 and \$88, respectively, which were not likely to be realized due to the timing of certain state net operating loss limitations. During the year ended December 31, 2024, our valuation allowance increased primarily as a result of the impact of a decrease in forecasted earnings, resulting in lower projected utilization of net operating losses.

ASC 740, *Income Taxes*, requires a company to first determine whether it is more likely than not that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more likely than not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. If the tax position is not more likely than not to be sustained, the gross amount of the unrecognized tax position will not be recorded in the financial statements but will be shown in tabular format within the uncertain income tax positions. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs due to the following conditions: (1) the tax position is “more likely than not” to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. A number of years may elapse before an uncertain tax position is effectively settled or until there is a lapse in the applicable statute of limitations. We record interest and penalties related to uncertain tax positions in Income tax expense in our audited consolidated statements of operations.

We have made, and expect to make, certain tax-efficient investments in clean energy technologies. These include investments in entities that own projects and technologies related to industrial carbon capture and storage. These investments will produce tax credits under Section 45Q of the Internal Revenue Code and related tax losses.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

During the year ended December 31, 2024, we recognized net tax benefits of \$32 related to our tax equity investments. These recognized net tax benefits were recorded to Income tax expense in our audited consolidated statement of operations. During the year ended December 31, 2024, the net tax benefits included tax credits and other income tax benefits of \$153 which was partially offset by amortization expense of \$121.

As of December 31, 2024 and 2023, we had unrecognized tax benefits and uncertain tax positions of \$201 and \$171, respectively. If recognized, \$201 of unrecognized tax benefits would affect our effective tax rate. Uncertain tax positions are recognized in Other long-term liabilities which, as of December 31, 2024 and 2023 were \$76 and \$50, respectively, including accrued interest.

We have state income tax audits pending. We do not expect the ultimate outcome of these audits to have a material adverse effect on our financial position or results of operations. We also do not currently anticipate that our existing reserves related to uncertain tax positions as of December 31, 2024 will significantly increase or decrease during the year ending December 31, 2025. Various events could cause our current expectations to change. Should our position with respect to the majority of these uncertain tax positions be upheld, the effect would be recorded in our consolidated statements of operations as part of the income tax provision. We recorded interest expense of \$4 and \$2 for the years ended December 31, 2024 and 2023, respectively, related to unrecognized tax benefits.

Changes in our unrecognized tax benefits and uncertain tax positions from January 1 through December 31 are set forth below:

	2024	2023
Balance, beginning of year	\$171	\$198
Increases in tax positions for prior years	5	4
Increases in tax positions for current year	27	32
Decreases in tax positions for prior years	—	(2)
Decreases in tax positions for current years	(2)	(3)
Decreases related to settlement with taxing authorities	—	(58)
Balance, end of year	\$201	\$171

(18) SEGMENTS AND GEOGRAPHIC INFORMATION

In accordance with FASB ASC Topic 280, *Segment Reporting*, we disaggregate our operations into two reportable segments: Sirius XM and Pandora and Off-platform. The financial results of these segments are utilized by the chief operating decision maker, who is our Chief Executive Officer, for evaluating segment performance and allocating resources. We report our segment information based on the “management” approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reportable segments. For additional information on our segments refer to Note 1.

Segment results include the revenues and cost of services which are directly attributable to each segment. There are no indirect revenues or costs incurred that are allocated to the segments. There are planned intersegment advertising campaigns which will be eliminated. We had \$4, \$3 and less than \$1 of intersegment advertising revenue during the years ended December 31, 2024, 2023 and 2022, respectively.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

Segment revenue and gross profit were as follows during the periods presented:

	For the Year Ended December 31, 2024		
	Sirius XM	Pandora and Off-platform	Total
Revenue			
Subscriber revenue	\$ 6,076	\$ 540	\$ 6,616
Advertising revenue	167	1,606	1,773
Other revenue	310	—	310
Total revenue	6,553	2,146	8,699
Cost of services			
Revenue share and royalties	\$(1,565)	\$(1,270)	\$(2,835)
Programming and content ^(a)	(517)	(58)	(575)
Other ^{(a)(b)}	(560)	(113)	(673)
Total cost of services	(2,642)	(1,441)	(4,083)
Segment gross profit	\$ 3,911	\$ 705	\$ 4,616

The reconciliation between reportable segment gross profit to consolidated loss before income tax is as follows:

	For the Year Ended December 31, 2024
Segment Gross Profit	\$ 4,616
Subscriber acquisition costs	(369)
Sales and marketing ^(a)	(849)
Product and technology ^(a)	(252)
General and administrative ^(a)	(432)
Depreciation and amortization	(578)
Share-based payment expense	(200)
Impairment, restructuring and acquisition costs	(3,453)
Total other (expense) income	(348)
Consolidated loss before income taxes	\$(1,865)

- (a) Share-based payment expense of \$46 related to cost of services, \$45 related to sales and marketing, \$44 related to product and technology and \$65 related to general and administrative has been excluded for the year ended December 31, 2024.
- (b) Sirius XM other costs of services related to customer service and billing of \$364, transmission costs of \$186 and cost of equipment of \$10. Pandora other costs of services related to customer service and billing of \$79 and transmission costs of \$34.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

For the Year Ended December 31, 2023

	Sirius XM	Pandora and Off-platform	Total
Revenue			
Subscriber revenue	\$ 6,342	\$ 524	\$ 6,866
Advertising revenue	169	1,589	1,758
Other revenue	329	—	329
Total revenue	6,840	2,113	8,953
Cost of services			
Revenue share and royalties	\$(1,603)	\$(1,292)	\$(2,895)
Programming and content ^(c)	(518)	(66)	(584)
Other ^{(c)(d)}	(568)	(117)	(685)
Total cost of services	(2,689)	(1,475)	(4,164)
Segment gross profit	\$ 4,151	\$ 638	\$ 4,789

The reconciliation between reportable segment gross profit to consolidated income before income tax is as follows:

	For the Year Ended December 31, 2023
Segment Gross Profit	\$4,789
Subscriber acquisition costs	(359)
Sales and marketing ^(c)	(886)
Product and technology ^(c)	(276)
General and administrative ^(c)	(541)
Depreciation and amortization	(624)
Share-based payment expense	(203)
Impairment, restructuring and acquisition costs	(92)
Total other (expense) income	(598)
Consolidated income before income taxes	\$1,210

(c) Share-based payment expense of \$45 related to cost of services, \$45 related to sales and marketing, \$46 related to product and technology and \$67 related to general and administrative has been excluded for the year ended December 31, 2023.

(d) Sirius XM other costs of services related to customer service and billing of \$388, transmission costs \$166 and cost of equipment \$14. Pandora other costs of services related to customer service and billing of \$83 and transmission costs \$34.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

For the Year Ended December 31, 2022

	Sirius XM	Pandora and Off-platform	Total
Revenue			
Subscriber revenue	\$ 6,370	\$ 522	\$ 6,892
Advertising revenue	196	1,576	1,772
Other revenue	339	—	339
Total revenue	6,905	2,098	9,003
Cost of services			
Revenue share and royalties	\$(1,552)	\$(1,250)	\$(2,802)
Programming and content ^(e)	(514)	(56)	(570)
Other ^{(e)(f)}	(575)	(137)	(712)
Total cost of services	(2,641)	(1,443)	(4,084)
Segment gross profit	\$ 4,264	\$ 655	\$ 4,919

The reconciliation between reportable segment gross profit to consolidated income before income tax is as follows:

	For the Year Ended December 31, 2022
Segment Gross Profit	\$ 4,919
Subscriber acquisition costs	(352)
Sales and marketing ^(e)	(1,023)
Product and technology ^(e)	(246)
General and administrative ^(e)	(491)
Depreciation and amortization	(611)
Share-based payment expense	(209)
Impairment, restructuring and acquisition costs	(68)
Total other (expense) income	(433)
Consolidated income before income taxes	\$ 1,486

(e) Share-based payment expense of \$46 related to cost of services, \$52 related to sales and marketing, \$39 related to product and technology and \$72 related to general and administrative has been excluded for the year ended December 31, 2022.

(f) Sirius XM other costs of services related to customer service and billing of \$409, transmission costs \$153 and cost of equipment \$13. Pandora other costs of services related to customer service and billing of \$82 and transmission costs \$55.

The segment gross profit above is regularly provided to Chief Operating Decision Maker to assess which segment is more profitable as well as to identify opportunities and risks to profitability within the segments to determine resource allocations accordingly.

A measure of segment assets is not currently provided to the Chief Operating Decision Maker and has therefore not been provided.

As of December 31, 2024, long-lived assets were predominantly located in the United States. No individual foreign country represented a material portion of our consolidated revenue during the year ended December 31, 2024.

SIRIUS XM HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars and shares in millions, except per share amounts or otherwise stated)

(19) SUBSEQUENT EVENTS

Capital Return Program

On January 22, 2025, our board of directors declared a quarterly dividend on our common stock in the amount of \$0.27 per share of common stock payable on February 25, 2025 to stockholders of record as of the close of business on February 7, 2025.

For the period from January 1, 2025 to January 28, 2025, we repurchased 501 thousand shares of our common stock on the open market for an aggregate purchase price of \$11, including fees and commissions.

SIRIUS XM HOLDINGS INC.
Schedule II—Schedule of Valuation and Qualifying Accounts

<i>(in millions)</i> Description	Balance January 1,	Charged to Expenses	Write-offs/ Payments/ Other	Balance December 31,
2024				
Allowance for doubtful accounts	\$ 15	52	(57)	\$ 10
Deferred tax assets—valuation allowance	\$ 88	21	(16)	\$ 93
2023				
Allowance for doubtful accounts	\$ 11	59	(55)	\$ 15
Deferred tax assets—valuation allowance	\$113	—	(25)	\$ 88
2022				
Allowance for doubtful accounts	\$ 10	59	(58)	\$ 11
Deferred tax assets—valuation allowance	\$ 83	35	(5)	\$113

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)

Corporate Information

Management

Jennifer C. Witz

Chief Executive Officer

Scott A. Greenstein

President and Chief Content Officer

Thomas D. Barry

Executive Vice President and Chief Financial Officer

Richard N. Baer

Executive Vice President, General Counsel and Secretary

Wayne D. Thorsen

Executive Vice President and Chief Operating Officer

Board of Directors

Gregory B. Maffei

Chairman of the Board of Sirius XM Holdings Inc.

Eddy W. Hartenstein

Director
President and CEO (Retired)
DirecTV

Dr. Evan D. Malone

Director
President
NextFab Studio, LLC

Jonelle Procope

Director
President and CEO (Retired)
Apollo Theater Foundation, Inc.

Michael Rapino

Director
President and Chief Executive Officer
Live Nation Entertainment, Inc.

Kristina M. Salen

Lead Independent Director of Sirius XM Holdings Inc.
Chief Financial Officer
Booksy Inc.

Anjali Sud

Director
CEO of Tubi, Inc.

Jennifer C. Witz

Director
Chief Executive Officer
Sirius XM Holdings Inc.

David M. Zaslav

Director
President and Chief Executive Officer
Warner Bros. Discovery, Inc.

Executive Offices

Sirius XM Holdings Inc.

1221 Avenue of the Americas
35th Floor
New York, New York 10020
212.584.5100
www.siriusxm.com

Stockholder Information

Annual Stockholders Meeting

The virtual annual meeting of Sirius XM stockholders is scheduled for 8:30 a.m. EDT, on Wednesday, May 28, 2025 at www.virtualshareholdermeeting.com/SIRI2025

Transfer Agent and Registrar

The transfer agent and registrar for the Company's common stock is:

Computershare

Stockholder correspondence should be mailed to:
Computershare
P.O. BOX 43006
Providence, RI 02940-3006
1-866-723-8212 (toll free)
781-575-3100 (international callers)
1-800-952-9245 (hearing impaired TDD phone)

OVERNIGHT DELIVERY:
150 Royall Street, Suite 101
Canton, MA 02021

Stockholder website

www.computershare.com/investor

Stockholder online inquiries

<https://www-us.computershare.com/investor/Contact>

Sirius XM common stock is listed on The NASDAQ Global Select Market under the symbol "SIRI".

Independent Registered Public Accounting Firm

KPMG LLP
345 Park Avenue
New York, New York 10154

